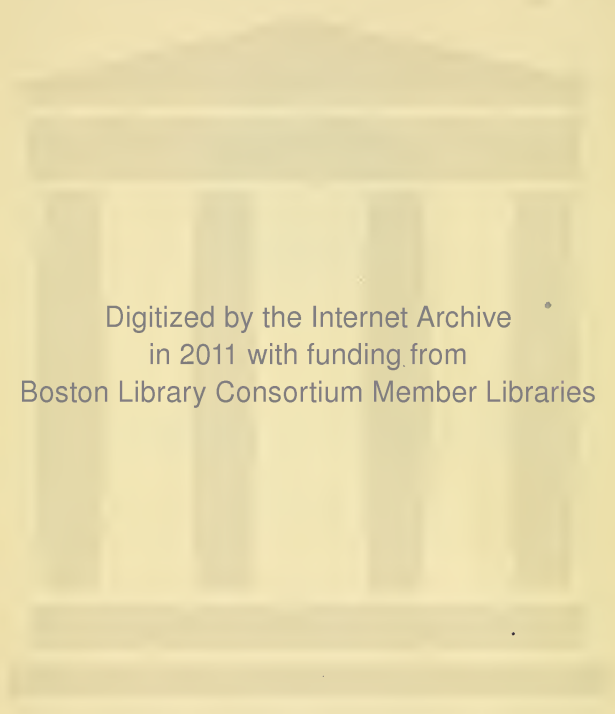






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# LABOUR AND THE NEW WORLD







*E. H. Mills.*

*Philip Swaden*  
— v —

National and Social Economics Series

# LABOUR AND THE NEW WORLD

By  
PHILIP SNOWDEN



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*"The old world must and will come to an end. No effort can shore it up much longer. If there be any who feel inclined to maintain it, let them beware lest it fall upon them and overwhelm them and their households in the ruins."*—MR. LLOYD GEORGE.



# Labour and the New World

## CHAPTER I

### THE OLD WORLD ORDER

**I**S the old World Order in process of dissolution? Are we witnessing in the tragic events of recent years and in the appalling economic condition of Europe the death struggles of an economic system and the painful birth-pangs of a new civilization? These are questions which thoughtful men are asking, and the answer they give to themselves will depend in the main on their knowledge of historical and economic processes.

A mood of pessimism is natural after the experiences through which the world has passed since 1914. There are those who, in every movement or change, see the coming of the end of all things; and the aftermath of a great war provides abundant material for dismal forebodings and prognostications. The literature of the time of the French Revolution, and of the years following the end of the long Napoleonic Wars, is full of prophecies of the impending doom of civilization. But the world has survived many cataclysms, and upon the ruins of each has built a new and, on the whole, a better economic system and a higher civilization. The old order perisheth, but humanity survives; and out of the chaos and

ruin which exist to-day the instinct of social preservation will, though perhaps painfully and laboriously, evolve a new world order, still imperfect and dynamical, but affording a happier and more abundant life for the great mass of the people.

The "capitalist system" has never had in it any more of the elements of permanency than the systems of feudalism, slavery and tribal communism from which it has been evolved. Every social order contains within itself the seeds of its own destruction. Each serves its destined purpose, and when that purpose has been fulfilled it gives place to a new order in which social organization more fittingly adapts itself to economic evolution. Pain and suffering, resort to violence, with the misery which always accompanies it, are the penalties humanity must pay for its ignorance to understand the working of the inexorable laws of progress, and to place itself in harmonious co-operation with them.

The historical view of the present condition of the world leads not to pessimism, but to hopefulness. The downfall of the capitalist system need cause no regrets other than those of a natural sympathy with the temporary suffering that must be endured during the period of transition to the next stage of economic and social organization. That period of transition may be long or short. The amount of inevitable suffering which will accompany the transition will depend upon the degree of intelligence which is shown in understanding the nature of the problems which humanity is now called upon to solve, and upon the effort which is made to face the task of reconstruction. If we refuse to believe that the

old order is doomed, and if we will persist in attempting to repair its rotten timbers here and there, if we cling to the belief that by patchwork we can give to the old order a new lease of usefulness, we shall only succeed in intensifying ruin and prolonging human suffering. If, on the other hand, we frankly and courageously recognize that what we are now called upon to do is to build up a new social order on a new plan, the period of transition will be short and the amount of human suffering will be reduced to a minimum.

There is a disposition to regard the economic breakdown of Europe as being wholly due to the devastating effect of five years of war upon an unparalleled scale. This is a superficial view. Before the war the economic system was being challenged everywhere over the whole civilized world. The people were in revolt against a political and economic order which failed to afford civilized conditions of life to all but a mere fraction of human beings. In every country the forces of democracy were being arranged for the conquest of political power as the instrument by which the economic and social systems could be changed.

No economic system can permanently survive which fails to "deliver the goods." The capitalist system has failed to satisfy this condition. It has failed, not because of its inability to produce, although in that respect it has not exploited possibilities to the full extent, but because it has not effected such a distribution of products as will give satisfaction and contentment to the mass of human beings. In no period of the world's history have material resources given,

relatively to the volume of production, so small a share of widespread enjoyment and comfort as during the century and a half since the dawn of the Industrial Revolution. There have been, it is true, periods when abject poverty was more general than during the capitalist era; but it was the scarcity of wealth rather than its mal-distribution which was then the cause of general poverty. Poverty was more endurable in those days than it is at present because the poor man saw in his humble lot the common lot of all.

With the increase in the productive power of labour, due to the discovery and use of steam power, followed by machine invention and the opening up of the resources of the whole world, the aggregate production at the outbreak of war was large enough, under a just system of distribution, to have provided a reasonable sufficiency of material necessities and comforts, of leisure and of rational enjoyment for everybody. The increased command of natural forces applied to production opened up vast possibilities for lightening human toil, for a wider diffusion of comfort, and for a general advance of civilization. These possibilities have not been employed to secure that purpose; but, on the contrary, have resulted in wider extremes of riches and poverty than existed when man's command of production was infinitely smaller.

Scientific and mechanical advance are in the main social and not individual in their origin. All the great inventions and discoveries have been improvements upon what was already known, and every inventor is indebted to the socially inherited knowledge accumulated by countless ages of human effort. But certain powers, of which I shall have more to say later,

have permitted a few individuals to appropriate in the main the benefits and results of inherited knowledge and collective effort.

The competitive or speculative method of production, the individual scramble to secure the results of collective effort, the lack of social organization for securing an equitable distribution of wealth have led to those social evils and inequalities which exist in every country in the world where the capitalist system has reached a high degree of development. An economic and social system must be judged by the extent to which it succeeds in diffusing over the whole community the benefits of progress. By this test the capitalist system has failed. It will surely be a matter of amazement for future generations that an age which made such marvellous progress in scientific and mechanical knowledge should not have utilized this knowledge to eliminate poverty, to lighten the burden of human toil, to give more leisure for recreation and intellectual pursuits, to make its towns and cities less sordid and unhealthy—in short, to exploit the possibilities of its resources for the common weal.

An increase of national wealth is neither desirable nor beneficial unless it is utilized to raise the standard of life of those who have hitherto been deprived of the enjoyment of a sufficiency of necessities and of reasonable comfort. If the increase of national wealth results in widening the gulf between different social classes, discontent among the poor is increased and the foundations of society are made less stable. No social advantage arises from the concentration of wealth in the hands of a small proportion of the population. On the contrary, the existence of a rich class

deriving their wealth from the exploitation of labour creates serious economic and social evils. The rich are unable to spend but a small part of their incomes upon commodities and services of a useful character. The greater part of their incomes is employed in diverting labour from productive work to labour and services of a luxurious or vicious nature. We have at one end of the social scale millions of people who have to toil long and arduously for a bare physical existence, and at the other end a small class living in idleness and luxury. We have ten thousand slaving through life for the mockery of human existence that a few may indulge in every luxury and vice which gluttony and sensuality can devise.

The hard facts and statistics of the distribution of wealth in every capitalist country prove that the vast proportion of wealth is in the possession of a comparatively small number of people. The figures given in the Report of the Commissioners of Inland Revenue for the year ended March, 1919, show that 91,499 estates became liable to estate duty in that year. Of that number 41,581 did not exceed £500 gross value. The number of deaths in the United Kingdom for the same period was approximately 640,000, so that only one person in every seven who die leaves any property whatever. In the year under review 328 persons left property the net value of which exceeded £100,000 per estate. In the same year nine estates of over a million were liable to estate duty, one estate exceeding the sum of £3,000,000. The figures relating to income tax assessment point to the same conclusion, namely, that the bulk of the national income is enjoyed by a comparatively small part of the

population. For 1919 the total number of persons with incomes exceeding £130 a year was 5,346,000. Of this number 2,490,000 had incomes not exceeding £160 a year. The number of persons whose incomes did not exceed £200 a year was 3,600,000. The total taxable income of these 5,346,000 persons amounted to £1,970,000,000, and of this total a sum of £417,300,000 fell to the share of 59,100 persons whose personal incomes exceeded £2,500 a year. The Memorandum on Increases of War-time Wealth prepared by the Board of Inland Revenue shows that among those who had increased their total wealth between 1914 and 1919 were 3,620 persons whose aggregate wealth had increased by a sum of £707,000,000, the total post-war wealth of these individuals amounting to £1,995,000,000. Among them were 280 millionaires, whose aggregate wealth amounted to £590,000,000.

In the United States, a country where capitalism has reached its highest stage of development, even greater extremes of poverty and riches are to be found. In 1915 Professor Streightoff estimated the economic standard of living in New York City at \$876 a year for a family. This estimate was accepted by other authorities. The Report of the Federal Industrial Commission, published in that year, estimated that between one-quarter and one-third of the male workers of the United States of eighteen years and over in factories and mines earned less than \$500 a year, and two-thirds to three-quarters earned less than \$750 a year, without taking into account loss of working time from any cause. Two-thirds to three-quarters of women earned less than \$400 a year. One of the

latest estimates of industrial conditions in the United States was made by Lauck and Sydenstricker in 1916, both accepted as authorities on American economic and industrial conditions. They concluded that fully one-fourth of the adult workers in the principal industries and trades earned less than \$400 a year, one-fifth less than \$600, and four-fifths less than \$800, while less than one-tenth earned \$1,000 a year. A very large proportion, estimated at one-half of the wage-earning families in the principal industries of the United States, have to exist on a line below the economic family standard.

Professor King, of the University of Wisconsin, estimated that in 1910 a little over one-half of the total national income went into the hands of a small proportion of the population in the shape of rent, interest and profit. Of the total national income 53.1 per cent. was distributed as rent, interest and profit, 46.9 per cent. going to wages and salaries. Expressed in terms of money, in 1910 the 30,000,000 workers in the United States received in wages and salaries \$11,300,000,000, while \$12,800,000,000 were appropriated in the form of unearned incomes. Since 1910 the share taken by the rich has proportionately increased very considerably. The net income of all the corporations in the United States rose from \$3,832,000,000 in 1912 to \$9,500,000,000 in 1918, and during the same period dividends paid by these corporations rose from \$2,498,000,000 to \$4,100,000,000. The United States income tax returns are admittedly very incomplete, but the returns filed for 1917 show that 6,669 persons returned incomes exceeding \$100,000 a year, while 2,121,000 returned incomes of less than \$2,500. Out

of the total population of the United States in 1907 only 3,472,890 persons returned incomes exceeding \$1,000 a year. From the American income tax returns it has been deduced that the number of millionaires, that is, persons with an income of \$50,000 a year or more, rose from 7,509 in 1914 to 19,103 for 1917.

It is important and interesting to note that the class of persons whose incomes are rising most rapidly are "brokers" and other classes least useful to the community.

The indictment against the present economic system is not confined to its failure to effect a better distribution of wealth. It has failed to exploit to the full the possibilities of increased production. The imperative need of war material between 1915 and 1918 led to the exposure of the wasteful and inefficient methods of capitalist production, and proved how far short of the maximum output pre-war production had fallen. Under the spur of a great need and emergency production in the engineering trades was quadrupled. Under the competitive system there is a great loss of production through the ignorance and incompetence of employers. In the ten years preceding the outbreak of the war there were no fewer than 40,069 bankruptcies in England and Wales. These, of course, are outside the enormous number of commercial failures of which the bankruptcy courts have no record.

Capitalist production—being carried on for profit, and not necessarily to supply public needs—systematically resorts to practices which have the object of artificially raising prices by the limitation of supply.

Works are put on short time, or temporarily closed altogether, although there is a need for the commodities which these works might produce. No provision is made by the capitalists for the maintenance of their workpeople during periods of compulsory unemployment. Instances are quite common where raw material and food stocks are destroyed in order to force up prices by reducing market stocks below the public demand. The limitation of output, and the fixing of prices above competitive rates, is the deliberate policy of trade associations. It was given in evidence before the Committee on Trusts that one of the most powerful trade associations, whose members manufactured goods needed in the construction of workmen's cottages, had until recently at the head of its rules these words :

“The object of the Association is that of raising and keeping up the price to the buyer of goods and articles made or supplied by its members. This should be done by means of pooling arrangements, so controlling production that prices will rise naturally and inevitably as they always must do when supply is brought into equilibrium with, or ever so little below the demand.”

It was recently reported that the cotton growers in the Southern States were destroying a part of the season's crop because the market price was not sufficiently attractive. This was done at a time when hundreds of millions of the population of Europe were crying aloud for cotton goods. Could anything be more damning of the capitalist system than these facts and practices ?

The poverty which results from the inequality of distribution of the national product is itself responsible for an incalculable loss of wealth production. Through poverty the workers are kept in a state of physical inefficiency which greatly lessens their productive powers. The first Report of the Chief Medical Officer of the new Ministry of Health states that "there is a serious amount of physical impairment, much of which is preventable, the tendency of which must be inevitably to undermine the physical stamina of the people, reducing their capacity and shortening their days." He estimates from the claims upon the National Health Insurance funds that the amount of lost time from employment by the industrial population is not less, in the aggregate, than 260,000 years per annum for the insured population only. This by no means represents the full extent of the loss, for there is a large amount of sickness involving loss of time among the class of insured persons which does not come within the cognizance of the authorities. But taking the figure of lost time through sickness given in Sir George Newman's Report, it may be assumed on a reasonable calculation that there is a loss of £60,000,000 a year of wealth production from this one cause alone.

The Report of the Minister of National Service on the physical examination of men of military age by the National Service Boards, states that "of every nine men out of two and a half million examined from all parts of Great Britain, three were perfectly fit and healthy, two were upon a definitely infirm plane of health and strength, whether from disability or some failure in development, three were incapable of under-

going more than a very moderate degree of physical exertion and could almost (in view of their age) be described with justice as physical wrecks, and the remaining man as a chronic invalid with a precarious hold upon life."

The loss of wealth production due to physical inefficiency is itself the direct outcome of poverty, and is by no means confined to the amount of time lost through sickness. Two-thirds of our industrial male population is admittedly not physically fit to bear the strain of continuous and strenuous work. Every director of industry is familiar with this appalling fact. The wages book of any firm where workers are employed on piece rates will disclose a wide discrepancy of individual earnings. This is in the main due to differences of physical capacity—that is, due to a cause which can be directly attributed to the economic system.

Though there has been in recent years a decline in the death rate of infants, the effects of economic and industrial conditions upon child life are still deplorable. The conditions under which and into which children are born materially influence their chances of life and physical development. The Report of the Registrar-General for 1911 gives tables showing the social position of parents and the infantile death-rate amongst the various classes. It is pointed out that 40 per cent. of the infantile mortality could be avoided if the health conditions of infant life could generally be improved and approximated to those of the middle classes. The figures of infantile mortality for the industrial towns show that in the poorer districts the death-rate of children is two and three times higher

than in the districts of the same borough inhabited by people in better social circumstances. This preventable infant mortality involves incalculable social loss, and it is directly attributable to economic conditions, and to the failure of social organization to make the best use of its resources.

Nothing better illustrates the failure of social organization to secure the benefits of applied knowledge than the appalling state of the housing of the people. One would think that after the guarantee of food and clothing the efforts of the community would be directed to the provision of adequate, pleasant and healthy housing accommodation for all its people. Our towns have been permitted to grow up almost without the least regard to beauty or convenience, and the houses and tenements in which the bulk of the population lives afford scarcely any of the conditions of a healthy and comfortable existence. The ugliness of our towns, and the squalid character of the houses, are not due to our inability to provide something better. The contrast which is to be found in every modern town between the districts in which the well-to-do and the working class respectively live proves that it is not lack of either knowledge or means to make our towns beautiful and our houses commodious and healthy, but that social organization has not yet directed its efforts to securing for every family conditions which, in the scramble for wealth, some sections of the community have been able to obtain for themselves.

The failure of social organization is writ large in the housing problem. The present acute shortage of houses is the problem aggravated by war conditions;

but the housing question is something far bigger than the provision of accommodation for the hundreds of thousands of people who are at present unable to secure any sort of family accommodation. The housing question is the problem of social organization by which our industrial towns and villages may be completely swept away, and replaced by well-planned villages and towns, with houses which will reflect in their beauty and conveniences the ample resources and capacity of the community to provide amenities for all. Housing conditions are responsible for much of the ill-health and physical inefficiency to which reference has already been made, and for the loss of productive power which results therefrom.

The failure of the economic system is further illustrated by its neglect to utilize to the full the natural resources of the country, and to organize and employ in the most effective way the available labour power. The land of the country is by no means utilized to the extent of its possibilities. Under the menace of famine in the later years of the war the productivity of the soil was considerably increased; but when that menace was removed, the old apathy and indifference about the development of this great national asset returned. Millions of acres of land not suitable for the production of food might profitably be devoted to the growing of timber; but because the utilization of such land for that purpose could not be made immediately profitable for private enterprise this means of increasing national wealth has been neglected.

An economic system which, as one economist has said, cannot work without a margin of unemployed, stands condemned. The average number of unem-

ployed persons over a period of years in every industrial country is not less than 5 per cent. of the working population. This unemployment represents a loss of 5 per cent. of the potential wealth-producing capacity of every industrial country. But it means much more than that, because unemployment permanently lowers the productive powers of an individual and lessens his future usefulness as a worker.

The failure of social organization to develop and utilize productive power is shown in the neglect of education. The inefficiency of labour and industrial and social organization is due not merely to physical causes, but to the lack of adequate opportunities for mental, industrial and technical training. It was not until a century after the beginning of the industrial era that an attempt was made to establish in England a State system of primary education. Even yet the system is sadly inefficient and incomplete, and the opposition of the governing classes to popular education has been shown in the determined attempt to postpone the operation of certain provisions of the last Education Act, professedly on the ground of national economy. If this be the true reason it shows a lamentable lack of appreciation of the need for better education as the groundwork of industrial efficiency and good citizenship.

We speak of the economic and social order, but its chief feature is the absence of order and organization. The production and distribution of commodities is carried on as a speculation. Production and distribution are not organized to supply the needs of the community, but to afford profit for those engaged in the work. Capitalists compete for the supply of a

market, the needs of which they can only vaguely estimate. This competitive method results in incalculable waste, in the expenditure of enormous effort and money in creating a market for commodities which are not necessarily essential or useful, but the production and sale of which may secure a profit for individual traders. This leads to the diversion of labour from the production of useful goods and necessary commodities to employment which is neither useful nor necessary. We see the results of this in the apparent lack of such commodities as houses, clothing, schools, and in the non-employment of labour upon the land, in afforestation, road-making, development of the waterways and water power, because other trades, such as the production of luxuries for the wealthy, afford more profitable opportunities to the capitalist for the employment of capital and labour.

Under the capitalist system, by virtue of what John Stuart Mill called "the subjection of labour to monopoly," the possessors of the instruments of production are able to take an enormous share of the national product. This directly causes a further diversion of labour from producing commodities needed by the general public. Nearly forty years ago Mr. Alexander Wylie, a Clyde capitalist, in a volume which was a very important contribution to social economics, estimated that four-elevenths of the labouring population were employed on luxury services. If that were the case so long ago it is quite certain that at the outbreak of the Great War the proportion of such to the whole working population would be greater. No social organization which aimed at promoting the general well-being would

permit the employment of labour and capital in the production of luxuries, and in personal services to the wealthy, until a high degree of comfort and well-being had been assured for all. Great as are the productive powers of an industrial country in these modern times, they are not so great that a reasonable standard of life can be enjoyed by all, if a considerable proportion of capital and labour is diverted to producing luxuries and providing services for a comparatively small class. The minimum of necessities must be produced to ensure the maintenance of the labouring classes; but when a considerable proportion of the population is employed in supplying the demands of a small wealthy class, two things must happen: first, that the standard of life of the masses will be low; and second, the working population employed in the production of essentials will have to work harder and longer than would otherwise be necessary.

I am not at the present dealing with the abnormal social conditions left after five years of war, but with what I might call the permanent features of social conditions under the capitalist system. Of the aggravation of these conditions by the war I shall write later. It may be contended that the facts of the industrial and social system which I have partially described are defects which can be remedied without a radical change of the economic system. There is a superficial plausibility in the contention that the evils and inequalities which abound in every capitalist country exist because even a century and a half has not been sufficiently long for social organization to adapt itself to the Industrial Revolution; and that before the war intervened, these evils and inequalities

were being gradually lessened or eliminated, and that further progress on the lines of half a century of industrial and social reform would ultimately remove them and establish social conditions which would secure regularity of employment, good wages, and a condition of universal contentment, with each and all sharing to a reasonable extent in the blessings of a progressive civilization.

Unfortunately, hard facts give no support to that optimistic conclusion. It is true that in the latter half of the nineteenth century there was a material improvement in the lot of a considerable part of the working classes, but an improvement by no means commensurate with the increase of national wealth. But for a decade before 1914 there had been no advance in the condition of the working class as a whole. On the contrary, wages had declined, and the cost of living had increased; though it is only fair to say that some compensation for this had been given in the form of public assistance by such social reform measures as Old Age Pensions, National Health Insurance and the extension of municipal services.

It is a favourite argument of the economist defenders of the capitalist system that an increase in the volume of the National Product results in an increase of the real wages of labour. In other words, that the wage-earners participate proportionately in an increase of the amount of wealth available for consumption. There is no justification for this assumption in the facts of the economic history of the last seventy years. It is undeniably true that in the first eighty years of the capitalist era, while the wealth of the country was expanding beyond all precedent, the condition of the

wage-earning class was more deplorable than in any period of the history of the country. Between 1850 and 1900 there was an improvement in the real wages of the workers, and a more than corresponding advance in their social condition. But this improvement, as has been stated, was not at all commensurate with the increase of national wealth. In 1854 the average cash wages of the agricultural workers was 10s. 8d. per week, and in 1908 it was 14s. 7½d. In the greatest of our manufacturing industries, the cotton trade, the piece-rate wages in 1908 were precisely the same as in 1854. Taking all the principal industries of the country—coal mines, textiles, building trades and engineering—the mean rate of wages in 1908 was 10 per cent. above that of 1874.

The income assessed under Schedule D (that is, from gains arising from any profession or trade, railways, canals, mines, gas works, water works, etc.) in 1854 amounted to £88,401,860. In 1908 this figure had risen to £565,601,312. In 1917-18 the corresponding figure was £1,094,000,000. In 1854 the total assessment under Schedule A (that is, upon the incomes from land and houses) amounted to £111,000,000. In 1914 the corresponding figure reached £285,000,000. These facts and figures prove conclusively that of the increased national income, by far the greater part has gone to increase the profits of the capitalists and the rents of the landlords.

For half a century before the outbreak of war, legislation and public administration had endeavoured to treat the social evils resulting from the capitalist system. The unbridled ruthlessness of capitalism had been curbed by innumerable laws regulating the free-

dom with which it had previously exploited the community. The regulation of capitalism, and public administration directed to mitigating its evil effects, had given to capitalism a longer lease of life than it could have enjoyed had it been left to work out its will without restriction and control.

Restricted and regulated in its operations by the State, with the object of safeguarding its victims against its evils, and suffering itself from the effects of an intensified national and international competition, capitalism has been constantly driven to fortify itself against the seeds of dissolution by more compact organization, and by seeking new fields for exploitation in foreign lands. The first of these two efforts has developed the Trust. The second has given us world Imperialism. It was these two developments of Capitalism, the Trust and Imperialism, which were responsible for the arrest of the slow improvement in the lot of Labour which took place in the decade before the war. The international competition of capitalism, using diplomacy and governments as its instruments, culminated in the great world war, and in every clause of the subsequent Treaties the directing hand of capital is plainly manifested.

A vast proportion of the national expenditure of every capitalist nation in times of peace has been devoted to the maintenance of armies and navies, justified as necessary for the protection of the trade and commerce of each country. Hundreds of thousands of men have been withdrawn from useful and productive work for the manufacture of armaments and battleships. Every country has maintained a large standing army, and in nearly all the Continental

countries a system of military conscription was in force, under which young men in the prime of life were withdrawn from civilian occupations for two or three years, involving a great loss of industrial power and an enormous drain upon the wealth of the respective countries. In the ten years before the outbreak of the Great War, the five Great Powers—Great Britain, France, Russia, Austria-Hungary and Germany—spent upon the maintenance of their armies and their navies the colossal sum of £2,721,750,709. In those ten years Great Britain spent upon its army and navy the sum of £655,698,000.

In addition to this direct expenditure each capitalist country had to provide huge sums annually for the payment of the interest upon its public debt, which was in the main a legacy of former wars. In the ten years—1905 to 1914—Great Britain had paid from taxation a sum of £261,000,000 for its National Debt services. In the year before the war, out of a total national expenditure of £197,492,969 a sum of no less than £101,679,000 was expended upon the army and navy and on the National Debt services—that is to say, that Great Britain was spending in a time of peace more than one-half of its whole national revenue upon preparation for war and upon the cost of former wars. This unremunerative expenditure was five times greater than the sum devoted from national taxes to education, science and art, and more than five times greater than the expenditure upon all the social welfare services, such as the Old Age Pensions, National Insurance and Public Health. For the year 1920-21, out of a total estimated expenditure of £1,157,452,000, the estimated expenditure upon the

Army, Navy and Air Forces was £230,429,000, and the cost of the National Debt services was £345,000,000—a total of £575,429,000, a sum which is equal to 25 per cent. of the value of the whole National Product in 1914.

The expenditure of these colossal sums by the great capitalist countries for the protection and extension of their trading and commercial interests has utterly failed in its purpose, and has, on the contrary, already brought economic ruin to three of the five Great Powers, a ruin which threatens to involve the remaining two, unless drastic measures are speedily taken to avert the catastrophe.

These are the indictments which Labour brings against the capitalist system. For a century and a half it has condemned the mass of the people to lives of drudgery and poverty. It has denied to them a fair share of increasing wealth. It has mocked their poverty by the ostentatious display of luxury, maintained by the sweat of their labour. It has wasted enormous wealth in the maintenance of the armies and navies for the protection and advancement of its interests. It has waged war, and sacrificed unnumbered lives for commercial gain. By its control of Government and international policy it has raised and maintained barriers between peoples whose real interests were to live in peace and goodwill, and as the climax of its evil career, it has burdened nearly all the nations of Europe with an intolerable debt, destroyed the economic life of a continent, and reduced three hundred million people to a state of starvation and ruin.

These are the conditions and causes which are responsible for the world unrest. The problem which

now demands the attention of thoughtful and humane men and women in all countries is how can a better distribution of wealth be effected, and how can the material resources best be employed to give to all a sufficiency of necessities, a fair share of the bounties of nature, and the blessings of scientific and mechanical progress.

The social problem has variously been defined as "given a people with resources, how to make the best of the resources and the people," and as "the elimination of all waste." Both these definitions are comprehensive, the latter involving the question of eliminating the waste of physical and mental inefficiency and the enormous waste inherent in a system where production and distribution are governed by competition and speculation.

At the outset of the consideration of this problem of eliminating waste, and thereby making the best of our resources and of the people, we must seek to discover the reason why the inequalities of wealth distribution exist, and such an investigation will quickly lead us to the conclusion that "the deep root of the evils and inequalities which fill the industrial world is the subjection of labour to monopoly, and the enormous shares which the possessors of the instruments of production are able to take from the produce."

The instruments of wealth production are labour, land and capital. Capital is the result of labour applied to land, and the raw materials of nature. The land and the raw materials are the private property of individuals, and this monopoly of ownership enables the possessors to dictate the terms and conditions on

which labour shall be permitted to have access to them. There may be something to be said for individual land ownership in a thinly populated country where there is land enough to supply the need of every individual who wants land, but in a highly developed industrial community the monopoly of land by the few excludes the majority from the free use and enjoyment of it. The private ownership of land enables the owner to exact a rent for the use of the land. The rent of land is determined by the natural advantages of the site, by its accessibility, by the economic and social purposes to which its use can be put, and by the density of the population and its wealth. The rent of land is wholly a social product, but private ownership enables the landlord to appropriate this social product, thereby depriving the community of their own property.

The landowner benefits by every improvement in industrial processes, by every increase of population, and by all expenditure of money on public improvements. The social consequences resulting from private land ownership are hardly less serious than the economic results. The landlord is in a position to impose conditions on the use of the land which may have, and often do have, serious social results. The history of the Highland Clearances is one instance showing how the legal rights of a landlord may be used to cause widespread ruin and suffering to the labouring classes. The political and social influence conferred by the ownership of land tends to destroy the manhood and independence of the landless class, and to keep them in a condition of virtual serfdom. A community cannot be regarded as having established

the first condition of freedom which permits the land to be the private property of individuals. No State can make the best of its resources and its people unless the community has the free and unfettered right to use and to develop its land. Waste cannot be eliminated so long as the will and caprice of an individual landowner can oppose the public need and desire to organize and develop the prime essential of wealth production, upon which all social organization must be based.

But land is not the only monopoly inimical to social welfare. Modern methods of production necessitate the employment of a large unit of capital in each branch of production, if the economic advantages from the employment of machinery and science are to be obtained. The possession of the necessary unit of capital for economic production is beyond the reach of the individual workman. Indeed, the unit of capital necessary to compete successfully in the productive market is now so large that it is beyond the reach, in most cases, of an individual capitalist. To obtain the large amount of capital now imperative for successful production, small capitalists combine, and form the Joint Stock company. The ownership of the instruments of production is a private monopoly, and as in the case of land monopoly, the owners of capital are in a position to dictate the terms on which labour is allowed access to them.

The workman has nothing to offer but his labour power, and he enters into the labour market with this commodity in competition with his fellow workmen. The competition of workmen for employment tends to keep down wages to the level of subsistence—that is,

at a figure which will command a sufficiency of food, clothing and other necessities to keep a workman in that standard of life which custom has fixed for his class. Labour is a commodity purchased in the market like every other commodity, and its price is regulated by supply and demand, modified by the condition just specified. In the competition for employment the workman is at a disadvantage compared with the employer. There are generally more workmen seeking particular jobs than the number of vacancies, and this scramble for employment tends to reduce wages, though the full effect of this competition on wages is lessened by trade union organization and collective bargaining.

Wages are paid from the National Product, and this National Product is shared between the landlord, the capitalist and the workman; and as the landlord and the capitalist are in the advantageous position of being able to deny Labour access to land and the instruments of production, the advantage in the division of the Product is almost wholly on their side, with the result that they take between them, though relatively small in numbers, the greater part of the National Product. Just as the landowner is able, by virtue of his monopoly, to appropriate the economic rent of land, so the capitalists, by virtue of their monopoly of the instruments of production, secure the unearned increment which comes from improved methods of production, and from the increase of social demand for the commodities they produce. The workman under the capitalist system, like the land user under landlordism, is the victim of the operation of the law of economic rent, the economic rent in

capitalist production taking the form of that part of the National Product not already appropriated by the landowner.

Under such a system as this there can be no substantial improvement in the condition of the wage-earning class. An increase in the volume of the National Product will not add to the remuneration of labour, except in so far as trade union organization may enable the workman to secure some slight advance of wages; but it will go as additions to the rents of the landlords and the profits of the capitalists. During the fifty years preceding the outbreak of the war, working class organization in trade unions, the co-operative movement and friendly societies had done something to raise the subsistence level of the wage-earners, though in relation to the increase of the National Product this improvement had been very meagre, and, as has already been pointed out, working class organization in the decade before the outbreak of the war had been too weak to combat the power of the capitalist combinations and the effects of Imperialism. The experience of the wage-earners' struggles during a century and a half of the capitalist era, apart from the effects of the war, proves conclusively that under an economic system where land and capital are monopolies, it is useless for the wage-earners to struggle to secure an adequate share of the National Product. The experiences of war-time confirm this conclusion. Profits during this period have soared to unprecedented heights; but the *real* wages of labour have remained stationary, except for certain classes of labour during one period of the war when the demand for that class of work exceeded supply.

The experience of the last hundred and fifty years under capitalism has demonstrated beyond dispute that we cannot look for an equitable and adequate share of wealth coming to the working classes under such a system. Mr. Hartley Withers, in his "Case for Capitalism," says, "The test of an economic system is its success in providing us with a good world to live in." We are quite willing to accept this as the test of the capitalist system, and we submit that by this test the system stands condemned as having failed to provide "a good world to live in" for all but a fortunate few; and that the system holds out no promise, by any modification or reform, of securing a good world.

The social problem cannot be solved except by eliminating conflicting personal interests. An economic system based on competition for the individual appropriation of wealth (a system which must necessarily result in a few being successful in the scramble at the expense of the poverty of the many) can never give general satisfaction. The Old World Order is in ruins because it was inherently bad, selfish and immoral. The New World must be built upon different principles. Reconstruction must proceed upon the idea that the world and its resources are the common heritage of all, and that the co-operation of all must be substituted for the competitive struggle in which the fittest to survive are those endowed with cunning, greed and audacity. Reconstruction must be governed by definite ideas and principles. No plans will be effective unless they are based upon a knowledge of the causes of the failure of the old order.

## CHAPTER II

### THE NEW WORLD ORDER

**I**N every age of the world's history there have been those who have rebelled against the evils and injustices of their day, and who have been inspired by the hope and faith of a New World Order in which social inequalities and economic injustices would find no place. It would be cheap for the cynic to sneer at this faith and idealism, at this belief in a more perfect humanity, at this conviction that human beings may yet be brought to realize that their own real good can only be secured through the common weal. There are still those who believe that no economic and social system can exist which is not based upon individual selfishness, and which does not afford the opportunity for individuals to enrich themselves by what they can take from the common store. But the persistence of idealism is proof that the instinct of justice is ingrained in human nature, and it is the assurance that the ideal will some day be realized.

"The task eternal, the burden and the message" of all ages is much the same to-day as in the past, though the problem with which we have to deal has its special features and characteristics. The function of the social reformer is not to dogmatize about the final goal of human progress, nor to draw a detailed and complete plan of the ideal State, nor to lay down rigid lines of social development.

Idealism is the inspiration of all worthy action;

and the present generation, though sordid and selfish in the main, has not less of idealism and aspiration to higher things than any former age. The idealism which led millions of the youth of Britain in the first years of the war to go forth, prepared to sacrifice their all in what they believed to be a noble and unselfish cause, rebukes those who deny the possibility of self-sacrifice for the common good ever becoming the dominating impulse of individual effort.

The failure of the Christian churches is deplorable, but the hold they still retain on tens of millions in all capitalist countries shows that in spite of the devotion of human effort to material gain there is in the human heart a striving and a longing for a spiritual life. The uncountable number of charitable and social agencies proves the existence of widespread sympathy with human suffering, and though these agencies are not radical but ameliorative in their work, because of ignorance of the real nature of the evils with which they deal, this sympathy needs only to be educated to be a potent influence for eradicating these evils.

Social discontent is the prompting of an awakened consciousness. The horrible social conditions of today cannot continue before the diffusion of the social spirit. This awakened social consciousness believes that hidden somewhere in the destiny of the human race is a social order in which it will not be necessary for millions to toil hard and long for a miserable pittance that denies them the opportunity for a healthy, happy and a cultured life. It believes in the possibility of our increasing power over nature, and increased capacity for producing wealth, being used, not as now, to add to the poverty and degradation of

the many and to increase the enormous riches of the few; but rather that the spread of knowledge, and the increase of human power, ought to be used to lighten men's toil and to liberate their intellectual faculties now enslaved by a gross materialism.

The social unrest of the present day is more intelligent than that of former days. Six influences are in the main responsible for the more definite form social discontent has assumed in the last two or three generations. These are the growth in industrial organization among the working classes in all capitalist countries, the extension of the franchise, popular education, the cheap Press, the international association of the working classes and definite socialistic propaganda.

Trade union organization has developed a class solidarity which is becoming a social consciousness. It has directed the wage-earners' attention to the study of economic problems. Two generations of trade union effort to improve the lot of the wage-earners have brought the conviction that in a capitalist system the power of collective bargaining is small compared with that of organized capital, and that running round the vicious circle of wages and prices is a fruitless game. The trade unionists are no longer satisfied to confine their efforts to trying to get the nebulous "fair day's wage for a fair day's work." They have realized that labour is the most important factor in production, and they are not content to be placed in the same category as the machinery they work. They realize that they are co-operators with capital and directive ability in the joint work of production, and they demand the rights and status of partners.

In the last five-and-twenty years there has been a remarkable widening of the outlook of organized labour. The trade union movement no longer concerns itself only with questions of wages and working conditions. An examination of the subjects discussed at a Trade Union Congress will show that organized Labour takes an interest in all political and social questions; and the recent activities of the trade unions in such matters as Peace indicate that the trade union movement, once a narrow class movement, is getting an international outlook. It would not be fair to convey the impression that the social and international outlook of trade unionism has fully developed, and that the movement has altogether lost its class and sectional character. There is unfortunately still too much of class and craft selfishness; but no one can attend a Trade Union Congress without being impressed by the change which is taking place, not merely among the leaders, but among those who represent the rank and file, in the direction of a deeper conception of citizenship and of the part which organized Labour can take, and ought to take, in the work of solving the grave social and international problems.

The extension of the franchise has given the working class the medium through which they can express their discontent, and a means by which they can work for the removal of their economic, industrial and social grievances. The Labour party was born from conviction that in the course of historic evolution the time had come when the working classes must take their place in the political life of the nation, and must contribute their part towards the building up of a better economic and social order. The con-

sciousness of power without an equal consciousness of duties might be a great disaster to the State. But an encouraging feature of the social discontent is that Labour recognizes its responsibilities for the existence of social evils and inequalities; and its political activity is an effort to discharge these responsibilities.

It is not to be expected that newly enfranchised classes will immediately use their political power very intelligently; but it is significant that after the extension of the franchise to the boroughs, and after the extension of the franchise to the counties, there began movements for the political organization of Labour based upon a broad platform of industrial and social reform. The comparative failure as yet of political Labour to achieve any substantial part of its programme has added to the volume of social discontent, because the achievement has fallen so far short of hopes and expectations. But the possession of political power is itself a great educative force. It raises the dignity and self-respect of those who possess it, and even its failures are beneficial because they provoke greater effort and sagacity.

The widely-circulating newspaper, and the enormous output of cheap literature, have contributed in no small degree to create social discontent. Though the daily and weekly newspapers are owned and controlled by capitalists, and though in the main they are unsympathetic to popular causes, they have helped to widen the horizon of the masses, to give them a better knowledge of what is going on, and to bring them more closely in touch with national and world events. It is impossible for working men and women to read even the Yellow Press without learning some-

thing of the contrasts in social conditions. The tit-bits of information about the luxury of the rich, about society weddings, about company profits, on the one hand, and industrial troubles, unemployment, workless ex-soldiers and suicides through poverty on the other, leave a lasting impression on the minds of those who read of these things. Without a widely circulating Press it would be difficult or impossible to make known, or to arouse interest in, matters outside the personal knowledge of individuals or groups.

The international association of working men has done incalculable good in dispelling narrow prejudices and giving to the workers of different lands a conception of the unity of their economic interests. Great ideas spread slowly, and it is no proof of the impossibility of an international association of workers ever becoming an accomplished fact that it has not yet been achieved. The internationalism of the workers failed when faced by the great test of 1914. But this grand conception has now risen phoenix-like from its ashes, and men and women in all lands are learning the one supreme lesson of the war, which is that if such calamities are to be avoided in the future, the world will have to be made safe for democracy by the union of the world democracies. This internationalism is the highest form of social consciousness, and the social discontent within a nation will only be allayed and satisfied when the peoples of the world are brought into cordial co-operation for the attainment of their common interest in peace and international goodwill.

There are those who believe that social discontent is wholly provoked by the work of interested agitators.

Far be it from me to deny the value of the work which has been done by so-called agitators in stirring up amongst the people a divine discontent. But the agitators can never succeed in arousing disaffection unless conditions are favourable for their propaganda.

During the last thirty years a small band of Socialists have worked unceasingly, with their small financial resources, to awaken the working classes to a consciousness of their economic conditions. That work has been phenomenally successful, and the present strength and influence of the Labour party in Great Britain, and of the Socialist movement in other lands is the monument to their labours. It is well that there should be leaders of the people who can direct their discontent along intelligent lines, and the Socialist propaganda in Great Britain has on the whole been sane and constructive, educating the masses in the wise use of political power, and urging them to make the best use of opportunities at present available, thereby training themselves to use wisely new opportunities they may gain.

Social unrest arises from discontent with economic conditions. The rebellion against poverty and inhuman industrial conditions is due to a realization of the fact that these conditions are a hindrance to the enjoyment of the high things of life. Two generations of partial popular education have made poverty and the deprivation of culture less endurable. The working people have been given a glimpse of an Eden of intellectual joys and they are determined to enter into that Paradise. The root cause of social discontent is well expressed in a striking passage in Ruskin's "Nature of Gothic." He says :

"The great cry that arises from all our manufacturing cities, louder than their furnace blasts, is in very deed for this, that they manufacture everything there except men. We blanch cotton, and strengthen steel, and refine sugar, and shape pottery; but to brighten, to strengthen or to refine or to form a single living spirit never enters into our estimate of advantages. And all the evil to which that cry is surging our myriads can be met only in one way; not by teaching or preaching, for to teach them would be to show them their misery, and to preach to them, if we do nothing more than preach, is to mock at them. It can be met only by a right understanding on the part of all classes of what kinds of labour are good for men, raising them, and making them happy."

The slumbering discontent with the sordid and precarious conditions of the workers' lives was fanned into a flame by the war-time promises of a better world in which the struggle for a livelihood would be moderated, and in which the common people would enjoy the full measure of wealth, health and culture.

The primary aim of those who are working for the new social order is to enlarge the social opportunities of the masses, and to do this it is necessary to remove the hindrances in the way of the attainment of these opportunities. The social discontent is a revolt against an economic system where the will of another can deny or limit individual freedom. It is a revolt against a system where one individual can control the living of another, and thereby control his liberty. It is a revolt against the Servile State, which has been defined by Hilaire Belloc "as that establishment of

society of which so considerable number of families and individuals are constrained by positive law to labour for the advantage of other families and individuals as to stamp the whole community with the mark of such labour." It is a revolt against a system in which the workman's time and energies are so fully devoted to production that he has little or no leisure for his development as a consumer in the widest sense of that word.

The New World Order will change all this. It is not believed to be possible to establish and maintain a high degree of industrial and social progress with a population intellectually and morally undeveloped to use its resources and opportunities in a rational way. The desirable development of human beings can be attained by two methods of reform, each reacting on the other. Improved economic conditions, such as higher wages, shorter working hours, improved working conditions, the participation of the workers in the control of industry will have a beneficial educative effect, but these reforms must be accompanied by definite and deliberate education on the right lines.

The New World Order towards which every step in industrial and social reconstruction should be intelligently directed will abolish the economic subjection of the workers to either individuals or classes. It will raise the workman from the condition of a "wage slave" to that of an intelligent partner in industry. It will transfer the chains which machinery has put upon the workers to the machines themselves, and make these the obedient instruments of social service.

In the new Social Order the instruments of production will be regarded as common property, and

every individual who contributes useful social work will be entitled to an equitable share in the National Product. The value of every individual's life will be appreciated, and it will be the special duty of social organization to care for the children, the infirm and the aged.

Production for use and not for profit will be the basis of the new economic order. It will aim at utilizing to the utmost, scientific knowledge, research, labour-saving machinery, scientific management of industry, the concentration of production under large units of capital, in order to secure the utmost economic advantage. In short, it will take what is good in the capitalist system, eliminating what is bad; but the purpose of production will be fundamentally changed from being carried on under the motive of private profit to a social function for social benefit. Under such a system progress will not flag, the incentive to human effort being, not material gain, but the honour of social service.

To-day men struggle for riches because the possession of riches gives the command of those things men most desire—social position, honourable independence, freedom from arduous toil, and the horror of poverty and starvation; but in the New Order the possession of riches will cease to be a ruling passion, for honest labour will be a guarantee against want, and riches will no longer be the passport to social position. A man of ability will find a more healthy sphere for the employment of his gifts in working for the common good. The New Order will be democratic, and to avert the dangers of an ignorant democracy the education of the children will be the first care of

the community. The scientific organization of production and distribution will enable the necessities and comforts of life to be supplied within a working day much less than is necessary in the competitive system. This will afford abundant leisure in which the individual can follow his personal inclinations.

No nation can to-day solve all its social problems. If there were any doubt before the war about the economic interdependence of nations the present condition of Europe will have removed that doubt. Just as individuals within a nation are all parts of one another, so the nations of the world are parts of the great human body, and where one nation suffers, all the nations suffer with it, or one nation be honoured, all the nations rejoice with it.

Every effort to establish a better world will fail unless it recognizes that fundamental fact, and makes its plans with that fact in mind. The New World Order will eliminate the artificial frontiers which men have reared to separate people from people. It will remove all barriers to the free exchange of commodities. It will bring under tribute for the benefit of all the resources of every country, each country contributing in return from its own knowledge and resources. Each country will keep and develop its own racial and cultural traditions and qualities, and in this variety the whole world will gain.

Such in the briefest outline is the ideal of the New World Order. It may be dismissed with a sneer by the cynic as a vain delusion. Those who believe in the possibility of its attainment most fully realize the difficulties of achieving it. But it is better to cherish and to work for this ideal, unattainable though it were,

than passively to acquiesce in the continuation of a system where the "workman has to find his way to the tomb, bleeding and footsore, through the brambles and thorns of poverty."

A man's reach must exceed his grasp,  
Or what's a Heaven for?

To those who seem to profit and succeed under the present immoral conditions I would say that they would find, in working for a happier Order, a greater satisfaction than the possession of riches can ever give them.

But this ideal is not impractical. It needs but the good will of good men and women, aided by knowledge and guided by experience, for humanity to reach the loftiest heights its vision can but dimly see to-day.

## CHAPTER III

### EVOLUTION OR REVOLUTION

THE world proletarian movement is divided to-day by the recurring quarrel about methods of establishing the new social order. The Russian Revolution has given to the controversy upon method a new stimulus and a greater importance. The quarrel between what may be called the evolutionary and revolutionary methods split the First Socialist International, and to-day it divides the Socialist parties into warring sections who spend much more of their energy in internecine quarrels than they devote to attacking the capitalist system. The controversy on the question of the method of attaining an object is not peculiar to the Socialist parties. The Chartist Movement was destroyed by the conflict between the opposing policies of moral suasion and physical force. In the later years of the agitation the Woman's Suffrage Movement was divided upon these two policies.

The word "revolution" is used in Socialist literature and Socialist propaganda to express two different methods. Marx defined the Socialist Revolution as "the more or less rapid transformation of the vast juridical and political superstructure of society which results from the transformation of its economic foundations." Until the Bolsheviks appropriated the theories and methods of Bakounin (to which Marx was wholly and bitterly opposed) and proclaimed them

as the authentic interpretation of Marxism, a "Revolutionary" Socialist was understood to be one whose aim was to acquire the political power of the State by the proletariat for the conquest of economic power. The Socialist Revolution was regarded as the culmination of a series of evolutionary changes or slow developments which would gradually establish the new economic and social order in which the instruments of production and distribution would be socially owned and controlled. Defined in this sense revolutionary socialism repudiated methods of violence, and expected and worked for the realization of socialism by conscious and harmonious co-operation with the forces of natural evolution. It was not the method, but the achievement which constituted the Social Revolution.

Since the close of the controversy between Marx and Bakounin up to the Russian Revolution the whole International Socialist Movement was opposed to methods of violence for the establishment of Socialism. Those Socialist parties which were most dogmatic in their acceptance of Marxism were the most pronounced in their disbelief in the possibility of establishing Socialism otherwise than by the conquest and the use of political power. They looked to a revolution in men's heads, to the creating of an intelligence and will to transform society on socialist lines. This method was fully in harmony with their conception of the past evolution of society, of the State, and of economic and industrial development. The new social and economic order was, according to their theories, being prepared by the capitalist system, which would, when it had fulfilled its historic

purpose, give place to the Socialist system. It was realized that social organization was a growth, and not a creation, and that until forms of industry had assumed under Capitalism a high degree of concentration, both nationally and internationally, Socialism was impossible. This conception of economic and social evolution was opposed to attempts to jump stages, and to deliberately trying to force the movement of change.

Before the advent of the political franchise there might have been some excuse, if not justification, for the employment of methods of violence by the working classes. In those days there was a complete ignorance of the nature of capitalism and of social problems. The working classes were themselves the victims of violent methods, and of force employed by the governing and possessing classes. Political and industrial associations were illegal. Combinations were ruthlessly suppressed. Men were imprisoned and transported for demanding the political franchise and advocating Trade Union organization. It is not surprising, therefore, that the working classes adopted reprisals, and believed in the possibility of similar methods employed by them being effective in overthrowing the tyranny by which they were oppressed and in removing the misery from which they suffered.

But in the most violent stages of the class war there were working class leaders who perceived the futility of such methods, and concentrated upon the demand for the franchise in the hope that when that was secured the working classes would possess an effective weapon for their economic and social emanci-

pation. It is a curious travesty of the teaching of Marx that he should be regarded to-day as the authority and support for the policy of violent revolutionary methods, for during the later years of his life he was engaged in a persistent struggle with the rebels and anti-parliamentarians, whom he scornfully stigmatized as "bourgeois democrats." He and Engels ridiculed the idea of a sudden overthrow of the capitalist system. They pointed out that the first essential was world unity of the proletariat, and that the class struggle was a political struggle, and that the proletarian victory could only be achieved by political methods. Both Marx and Engels were opposed to the general strike which Engels described as "the beast of prey." The dictatorship of the proletariat, in the sense in which that phrase is now being employed, was scornfully ridiculed by Marx and Engels. The latter, in his introduction to "Struggles of the Socialist Classes in France," puts the case against the attempt to establish Socialism by the revolutionary act of a minority in such a powerful way that his words deserve to be quoted. He wrote :

"The time for small minorities to place themselves at the head of the ignorant masses and to resort to force in order to bring about revolution is gone. A complete change in the organization of society can be brought about only by the conscious co-operation of the masses. They must be alive to the aim in view. They must know what they want. The history of the last fifty years has taught that. But if the masses are to understand the line of action that is necessary we must work hard and continuously to

bring it home to them. That, indeed, is what we are now engaged upon, and our success is driving our opponents to despair. . . . We, the revolutionaries, are profiting more by lawful than by unlawful and revolutionary means."

The war and the Russian Revolution have revived the old controversy between those who take the evolutionary view of economic and social progress and those who profess to believe in the possibility of overthrowing the capitalist system by armed insurrection, and upon its ruins at once establishing a New World Order in which no relics of the former Order will survive. Absurd and fantastic as this idea undoubtedly is, there are those who fervently accept it, and believe, not only in its practicability, but in the imminence of the time for its successful application. The teachings of history and the failure of all such methods in the past carry no lessons to these enthusiasts. The tragic failure of the attempt of a small body of Bolsheviks in Russia to establish the full Communist State by such methods does not deter their disciples in other countries from preaching a similar gospel and advocating similar methods.

It is not necessary, for the purpose of explaining the failure of the Russian Communists, to attribute to them either malignity or corruption. Their failure is due to the fact that they attempted the impossible. They tried to establish a Social Order for which neither the economic conditions nor the people of Russia were ripe. At the outset of their adventure they were compelled to suppress all democratic institutions, to establish a minority dictatorship maintained

by force, and at the same time to compromise their ideals and to suppress their programme, in order to retain their authority and avert a counter-revolution by those who were not intellectually converted to approval of their aim and policies. The external troubles which have afflicted Bolshevik Russia are in a large measure due to the impossible policy of the Communists in trying to establish a system which the internal resources of Russia were not able to support. Their failure has cost the passive Russian people dearly in misery, starvation and death. But it may be some compensation if the painful object lesson teaches the Russian people and the democracies of the world the folly of attempting to create by force a social organization for which neither economic conditions nor the intelligence of the people are ripe.

The Russian Communists have done incalculable harm to the Socialist Movement by discrediting true Socialism, and by providing opponents with such valuable material for their attacks upon Socialism. Not only that, but they have given encouragement to reaction the world over. Even had Communism attained a tolerable measure of success in Russia, that would have been no proof of the practicability and desirability of such methods in other countries where political and economic conditions are radically different. Unlike the peoples of the Western nations, the Russian proletariat had had no training in political democracy. In its economic and industrial development Russia was in the pre-Industrial Revolution era. It is still, and likely to remain, for a long period, an agricultural country far behind that stage of industrial development which constitutes the primary condition

for a Socialist Commonwealth. Its peasant population, constituting probably eighty-five per cent. of its total population, might be self-supporting in a primitive state of comfort and culture, but its industrial population must be dependent for its sustenance on international trading relations. It is a cynical commentary upon the anti-capitalist theories of the Bolsheviks that they have had to appeal to the great capitalist countries of Great Britain and America to come to their assistance to restore the economic life of Russia. This is no argument against International Socialism, but it is conclusive proof of the futility of attempting to completely overthrow the capitalist system in one country while capitalism is still in control in the rest of the world. Neither is it an argument against such national socialist schemes as may be ripe for adoption in any particular country.

I hope to be able to show that much may be done in that direction by a national policy of reconstruction. But International Socialism will have to be established, not by one country forcing its ideas and methods upon others, but by the co-operation of the democratic governments of all nations.

One can understand the attraction to certain minds, or to a people suffering acutely from privation or oppression, of a revolution by violence, which it is hoped will speedily overthrow the oppressors and bring freedom and plenty. It might be argued that if such a revolution were successful all the bloodshed and suffering it involved would be but the concentration in a brief period of a small part of the suffering which the people have to endure through the long years or ages of gradual progress to a better Social

Order. But there is no justification whatever in the facts of history, nor in human experience, for the hope of ending present misery by some great catastrophic act. Especially true and irrefutable is this in a country where the people are in possession of political power. A revolution might be temporarily successful when directed by a small and determined band of men using the passivity of an uninformed mass, but such a temporary success would inevitably lead to dictatorship by this aggressive minority, followed sooner or later by either the triumph of reaction, or the rebellion of the mass against the tyranny of the dictatorship.

A new and permanent Social Order can never be established on any other basis than the consent and co-operation of an enlightened democracy. The only dictatorship which could ever be permanently successful is the dictatorship of the common will. It is the madness of Bedlam to talk about the overthrow of the capitalist system in democratic countries by arming the proletariat and waging a war of extermination upon the bourgeoisie. A proletariat possessing the popular franchise is never likely to deliberately arm for civil war when it has not an intelligence sufficiently developed to use its political power to bring about an economic change. An enfranchised proletariat which uses its vote to keep political power in the hands of those who own and control economic resources is much more likely, in the case of a revolution, to act the part of a bribed tool of reactionary interests. No new social order is worth having, or is likely to be an improvement on the present, unless it has been achieved by the conscious will of the great

mass, and when that conscious will exists no revolution of violence will be necessary.

The conflict between those who advocate a revolution by violence with a dictatorship maintained until all opposition has been suppressed, and those who advocate peaceful and Parliamentary methods is fundamental. The first method is based upon the rejection of democracy, and the second upon a belief in democracy. The revolutionaries frankly avow their disbelief in democracy and aim at imposing by force the will of the minority upon an unwilling or unconvinced majority. The dispersal of the Constituent Assembly by the Bolsheviks was an act quite in consonance with their general principles. They do not believe in the people being allowed to govern themselves in their own way, but in forcing the people to accept what a small minority considers to be good for them. They adopt this policy in the belief that a period of repression and discipline will accustom them, and ultimately induce them, to accept the system which the dictatorship has imposed. There is no support in history of such a method achieving a permanent success. History, it is true, records many instances where a class has secured and maintained domination for a longer or shorter period, but such domination has invariably given rise to democratic movements for its overthrow. The history of popular progress is the record of the struggles of the people for democratic expression and for democratic forms of government.

The argument by which the dictatorship of the proletariat is defended is an admission of belief in the hopelessness and incapacity of democracy. The

Parliamentary form of government is denounced as a "bourgeois institution," devised by capitalists and controlled by capitalists in the interests of capitalists. Whatever historical justification there may be for this claim it has no longer any substantial truth. Wherever the Parliamentary franchise is practically universal, the Parliament represents a rough measure of the democratic will, and if Parliament be bourgeois in its character, it is because the proletariat is bourgeois, in the sense of not yet being sufficiently enlightened to understand that its economic interests are different from those of the capitalist class.

It is not the institution of Parliament nor the system of democracy which is at fault, but the state of mind and the lack of intelligence on the part of the electorate. The common-sense way is not to destroy a machine capable of great usefulness because they who should use it have not yet developed sufficient intelligence to do so effectively, but to educate the electors to a proper understanding of its functions and possibilities. If Parliament be a capitalist institution serving the interests of capitalism, then surely ordinary intelligence would suggest that the machinery which has been of such great service to capitalists can, when controlled by the democracy, be of equal use to them.

But it is further maintained by those who denounce the ineffectiveness of Parliamentary institutions and constitutional methods, that the bourgeoisie control all the channels of public information, and by this power keep the electorate in ignorance. The only country in which this state of things exists in perfection is in Russia under the dictatorship of the

Communists. In the Western countries it is true, but to a partial extent only, and to that partial extent only because the bourgeoisie have more perfectly organized their power to influence public opinion. There is no legal monopoly for any class of the means by which public opinion can be manufactured or influenced. It is true that the majority of the newspapers are owned by the capitalists, but it is equally true that they are both patronized and maintained by the support of the proletariat. There is nothing to prevent the working classes from having a widely circulated Press by which popular opinion can be educated, except the unwillingness of the working classes to organize a newspaper service and to financially support it. The obvious reply to those who use the fact that the newspaper Press is largely controlled by the capitalists is to call upon those who employ that argument to use the freedom enjoyed in every democratic country to counteract its influence by their own Press service. If they are unable to do this, as they have hitherto failed to do, it is because the working classes need educating in this important matter. A democracy which is not educated up to the point of organizing all its resources for the class struggle is far from being prepared to bring that struggle to a conclusive contest, and it is certainly far from being educated to administer a new economic and social order. If the working classes would spend one-twentieth part of the money they now waste in drink and gambling on political and publicity organization, the capitalist monopoly of the means of influencing public opinion would be quickly destroyed.

But, as a matter of fact, it is not true to say that

the means of influencing public opinion are wholly controlled by the capitalists. On the whole the public are kept fairly well informed on public questions, and every point of view is given more or less prominence in the public Press. Working class leaders find little difficulty in securing a platform for their views in the capitalist Press. But the Press is not the only means of popular education in public matters. Propaganda by means of public meetings is more extensively employed by the Labour and Socialist Movement than by any other political party. And if this means of public education is not employed by the Labour organizations to its full possibilities, it is because of the lack of financial support from those who complain about the monopoly of the means of publicity by the capitalist class.

All these specious arguments about the difficulty of getting a free and enlightened expression of public opinion through the political franchise amount to a confession of the ignorance of democracy and of its unwillingness to be educated. But the alleged subservience of democracy to capitalist influence and control is greatly exaggerated. The progress which has been made in the last generation in the education of the masses on political and social questions has been very great. The wonderful growth of the Labour party in Great Britain in the short space of twenty years is encouraging evidence that educational work among them has been effective. The awakened interest in economic and social questions is due in the main to this political educational work. The progress, it is true, has been irritatingly slow to the impatient, but it is, on the whole, moving as

rapidly as the evolution of those forces which are preparing for the new Social Order. To a far greater extent is it true to-day than when Engels wrote the words quoted above, that the "democracy is becoming alive to the aim in view and realizing that a complete change in the organization of society must be brought about by the conscious co-operation of the masses."

A Labour and Socialist Government in Great Britain elected by the popular vote, which pursued a policy of socialization, but which respected the rights of foreign investors in this country, and which recognized trading debts, would not be likely to encounter the open hostility of other nations, any more than the Labour Governments of the Australian Commonwealth States have done. But if such a Government came into power by force, if it inaugurated a policy of wholesale confiscation, and announced its intention to force a similar revolution throughout the world, the hostility of other non-Socialist Governments would be aroused. An economic boycott of Great Britain would be imposed; our foreign trade, both of exports and imports, would be stopped, and indescribable ruin and misery would immediately result, incomparably worse than what happened in Russia, because Great Britain is dependent upon the world markets, and the general standard of living in this country is far higher than it was in Russia.

The Revolution in Russia was a land revolution. The Bolsheviks have maintained their power by giving the land to the peasants, by confiscating the large estates and dividing them among the peasant cultivators. They have not nationalized the land; a

system which is practically peasant proprietorship has been instituted, because any attempt to insist upon the State ownership and control of the land would have led to a revolt of the peasantry, which would quickly have brought the Bolshevik Government to its doom. The relatively small industrial population of Russia has had to bear the main part of the misery resulting from the confiscatory policy of the Bolsheviks. In Great Britain the relative positions of agriculture, and industry and manufacture are reversed, and a sudden overthrow of the capitalist system in Great Britain would immediately reduce ninety per cent. of the population to a state of actual starvation. The raw materials of our manufactures and nearly four-fifths of our food supply are imported from abroad, and these supplies would immediately stop, for no foreign traders, even if the ports were open, would take the risk of supplying goods to a country in a state of revolution.

It might not be a difficult thing to make a revolution. Destruction is much easier than construction. It has taken a hundred and thirty years to bring the capitalist organization of industry up to its present state, and it is still far from perfect. A proletarian revolutionary government would not possess the business capacity and knowledge necessary for the organization of industry.

This point has been extremely well put by Karl Kautsky in his "Terrorism and Communism." He says :

"A capitalist concern is a complex organization which finds its intelligence in the capitalist himself or in his representative. If it is desired to abolish

capitalism, some form of organization must be created which should be possible of functioning as well, if not better without the capitalist head. . . . This demands a certain set of conditions of a material as well as of a psychical order, a high development of capitalist organization, not only of production, but also of the export and import of raw materials. Moreover, it also demands a proletariat which is conscious of its duties not only towards its own neighbour and comrades, but also towards society as a whole, a proletariat, moreover, which has become accustomed to voluntary discipline and has administered through long years of mass organization, and which finally has intelligence enough to distinguish the possible from the impossible and the scientifically educated leader with character from an ignorant demagogue without a conscience. Wherever these conditions are not present, capitalism cannot with any success be permanently dissolved by Socialism. And even in those districts and in those branches of industry in which these conditions are already sufficiently developed, the socialistic organization must be carefully prepared by profound examination of the actual conditions. Both factors in socialization, that is, expropriation and reorganization, must remain in closest connexion if chaos and absolute standstill are not to follow on the state of production that has hitherto existed."

The Bolsheviks have discovered the truth of these wise observations, and after the miserable failure of workers' control, have been obliged to call in the help of the former organizers of industry and to place the factories under the management of scientific

and commercial experts who direct compulsory labour.

The idea of the overthrow of the capitalist system in Great Britain by a violent revolution is so fantastic that people are apt to regard its possibility with indifference or contempt. The number of those who believe in such a possibility is undoubtedly very small, but the fanaticism with which they hold the belief makes them more dangerous than their mere numbers would suggest. It is a cardinal point in their faith that small and determined minorities always make a revolution, exploiting the misery and passivity of the mass. It was so in Russia, where the active Communists never comprised one per cent. of the population. We often see this meek subservience of the mass to the influence of determined leadership in industrial disputes and in politics in Great Britain. The mere fact that the British Bolsheviks are insignificant in numbers would not give assurance of immunity from the danger of revolution in Great Britain were that the only bulwark against revolution.

There are other and more substantial reasons for disbelieving in the possibility of a violent revolution in Great Britain. The British working classes have inherited a long tradition of constitutional government. They have achieved so much by peaceful agitation that they are not likely to abandon that means for other methods of a different character. The great working class organizations, the Trade Unions and the Co-operative Movement have given the members of these organizations a vested interest in constitutional methods, and a respect for established

institutions, which is sometimes carried to the extent of tolerating legal rights which are obviously inimical to their own interests and the general welfare. There is among the trade unionists and co-operators a subconscious impression of a distinction between industrial and political questions. This distinction is still very widely felt and shows itself in the opposition of the co-operators to making their movement a political one, and in the fact that a very large number of trade unionists, though nominally affiliated to the political Labour party, still vote for purely political Liberal and Tory candidates against Labour candidates. The close relation of economic and political questions is, however, being increasingly appreciated by co-operators and trade unionists. But the growth of this knowledge is likely to strengthen rather than to weaken the belief in constitutional political methods, and to influence industrial action in the direction of constitutional action rather than to influence political action in the direction of the use of force as illustrated, for instance, by the strike.

Another strong bulwark against revolution in Great Britain is the extent and influence of the middle class element. The economic condition of this large class is becoming increasingly precarious and difficult. Many of the middle classes are turning to the Labour party in the hope that its advent to power will bring some amelioration of their condition, and they bring with them into the Labour party the traditional British middle class views of constitutional methods which will act as a restraining influence upon wild and revolutionary ideas. But it is undoubtedly the fact that of late there has been a slackening of the

immigration of the middle classes into the Labour party due to a fear of the revolutionary tendencies of that party. The failure of the Labour party to maintain its previous rate of progress at the municipal elections of 1920, and at Parliamentary by-elections in the latter part of the same year, is undoubtedly due in a large measure to the fear of the middle classes, previously attracted by the programme of the Labour party, that the movement had got into the hands of an extreme element who were determined upon violent methods for the overthrow of society.

Though the avowed advocates of an armed revolution for the overthrow of the capitalist system are few in Great Britain, there is a fairly considerable section in the Labour and Socialist Movement who maintain that a conflict between the masses and the classes at the barricades is possible or inevitable, because a bloody revolution will be forced by the classes if a Labour Government attempted large schemes of reform, involving the expropriation of the capitalist class. It is, of course, impossible to be dogmatic about what may happen in the event of the return of a Labour Government. We can only make a forecast in the light of past experience and reasonable probability, bearing in mind the strong predisposition of the British people to accept decisions made by the majority in a constitutional way.

The policy of a Labour Government would be determined by the amount of public support behind it, indicated by the strength of its position in Parliament. A Labour Government with a small majority would not be justified in attempting too drastic measures of economic and social change. If its majority

were large, and if it had been returned to power on a definite programme of economic and social reconstruction, then it could proceed to carry out that programme with the full assurance that its measures would be supported by the country, and that the minority would acquiesce. Protests and agitation by the dissentient minority would no doubt be active and vigorous, but there is no reasonable justification for the assumption that they would carry this opposition to the extent of armed insurrection. A Labour Government would have to carry out its programme in a way which inflicted no flagrant injustice upon any minority. The privileged classes in Great Britain have always shown a remarkable willingness to bow to the inevitable. The civil servants and "the forces of law and order" would be under the control of a Labour Government, and just as these institutions have been the obedient servants of whatever party Government has been in power in the past, it is reasonable to suppose that they would be equally loyal to a Labour Government supported by a substantial majority of the electorate.

In many municipalities in Great Britain to-day Labour is in control, and the universal testimony is that the Labour councillors receive the most loyal assistance from the permanent officials. Indeed, it would be true to go beyond this statement and to say that the heads of the municipal departments heartily co-operate with the Labour councillors in their schemes of municipal enterprise, taking a pardonable pride in helping to raise the standard of municipal efficiency and to extend municipal activity and enterprise. It is reasonable to suppose that a Labour

Government would find in the national Civil Service men imbued with the same *esprit de corps*, and would receive from them the same loyalty and cordial help.

There is a vital difference between the idea of forcing an armed revolution by a minority of the workers with a capitalist Government in power controlling the armed forces, and the idea of an armed revolution by a minority in opposition to the constitutional measures of a government elected by a democratic franchise. This assumption of the probability of armed resistance to the policy of a Labour Government can have no reasonable basis, except on the assumption that a Labour Government would proceed at once to wholesale and universal confiscation, to attempt to establish in fact, by Parliamentary methods, what wild revolutionaries believe to be possible only by an armed rising of a few of the working classes. No Labour Government would ever attempt such a foolish thing. To attempt to do so, as has been pointed out, would be to incur all the disasters which have been described as inevitable from such a procedure.

Those who believe in the inevitability of armed resistance to the measures of a Labour Government might try to think out at what point this armed resistance will arise. If a Labour Government—as it would probably do having a mandate for that from the country—proceeded to nationalize the mines and the railways, are the small number of people who might consider their interests affected by this measure going to rise in armed insurrection against it? Or suppose the Labour Government nationalized the land, are the landlords going to raise an army and fight for the

preservation of their privileges? If a Labour Government raises the income tax to such a point that the whole of an individual's income beyond a reasonable living wage is appropriated, are the small number of persons affected by this going to march to the barricades? The idea of an armed rebellion against the gradual transformation of the economic and social order carried through by constitutional means, supported by the great majority of the public, arises from thinking of armed revolution by the proletariat for the forcible overthrow of an economic system recognized by law and protected by the existing government. Between such an act as that and the constitutional procedure of a Government carrying out great changes under instructions from the electorate there is no comparison. There is no reasonable ground for the opinion that revolution is inevitable, and that the choice is between a revolution forced by the working classes and a revolution of the classes against the constitutional legislation of a Labour Government.

Much of the support which is given to revolutionary ideas is due to an excusable dissatisfaction with the small achievements of Parliamentary methods, and with the failure of Parliament to deal with pressing economic and social problems. The ineffectiveness of Parliament is due in the main to two causes, first that there is not yet a fully developed common will, and second that the machinery of Parliament is not adapted to cope with the amount of work which it is expected to perform. No political party which has held power in recent years has had a definite constructive policy. Political parties have

been more concerned about getting and maintaining office by conciliating opposition and by compromise than by courageously advocating and trying to carry out a definite programme.

But however anxious a government were to promote far-reaching measures, it would find the task impossible without a drastic reform of Parliamentary machinery. The amount of administrative work, apart from new legislation, imposed upon Government departments and Ministers to-day is beyond human capacity. Critical supervision of administration by the House of Commons is impossible under the existing system, where control is centred in the Executive. The House of Commons to-day sits merely for the purpose of approving the decisions of the Government, after a perfunctory discussion in which members have little or no inside knowledge of the matters under debate. The magnitude of the duties and operations of the Government Departments has led to bureaucratic control, making Ministers themselves largely the servants of the permanent officials, both in regard to general policy and administration.

Parliament is expected more and more to deal with industrial and trade questions, both by administrative act and by new legislation. It is impossible for the Parliamentary machine as at present constructed to effectively deal with the constant addition of work thrown upon it. The result is that the work is not done, or it is done very ineffectively, and discontent is caused in consequence. The Government and Parliament, in addition to what were formerly regarded as the functions of Government—international policy,

public finance, education, law and justice, public welfare—are expected to regulate wages and labour conditions. The Parliamentary machine cannot possibly do all this work. Being overwhelmed with work, a Government naturally hesitates to add to its burdens and to increase its difficulties by embarking upon great schemes of reform.

If a Labour Government were returned to power it would find itself surrounded by all these difficulties, and it would be impossible for it to do very much until it had first reformed the Parliamentary machinery. The Government would have to be relieved of much of the administrative work it is now expected to do by transferring some of its responsibility to Departmental Committees composed of members of Parliament. The Government and the House of Commons must be made more free to give time and attention to new legislation and to reconstruction schemes. A separation of industrial and political work will have to be effected, and to do this it may be necessary to create a subordinate representative body, possibly elected on a somewhat different basis of representation, to deal with industrial questions. If the Parliamentary machinery could be improved so as to work more effectively, much of the dissatisfaction which now finds expression in denunciation of Parliament as an institution, and in advocating revolutionary methods, would disappear.

Direct action is advocated for specific purposes by those who have no sympathy with the propaganda of armed revolution. The words "direct action" are something of a misnomer for the industrial strike to force the Government to concede certain demands.

It would be more correct to describe what is understood by "direct action" as "passive resistance." Trade Unionists who have advocated direct action were far from desiring to employ physical violence. But in the form in which direct action is advocated it is undoubtedly an undemocratic method, and is an attempt to substitute the force of a minority for constitutional procedure. If it were admitted that a powerful minority, because of the place they held in the industrial life of the country, were to be permitted to force a Government to make concessions for which they had no mandate from the general body of electors, constitutional government would be made impossible, and the community would be handed over to the tyranny of an industrial organization which, were its appetite whetted by success, might become a terrible menace to the country.

Direct action by industrial organizations to force concessions in their own interest would, in its results, be as disastrous as the dictatorship of the proletariat, secured by a *coup d'état*. The use of direct action for political purposes can never be admitted by a Government supported by the general will.

There are rare instances, however, in which direct action can be justified as being no violation of the principle of democracy. There are admittedly spheres into which no Government has any right to intrude, such, for instance, as the right to religious opinion, and matters of personal liberty the enjoyment of which is not menacing to the safety of the State. The moral justification of the strike lies in the fact that the matter in dispute is one which concerns only the parties to the dispute; but even the right to strike

has its moral limitations, and this has been recognized in legislation in many democratic countries by forbidding workmen to resort to the strike in industries on which the health or existence of the community is dependent. Resort to strike action might be justified too, on democratic grounds, where a Government was attempting to act in flagrant violation of its mandate, or to embark upon a serious adventure, as for instance a war, to which on all the evidence it was quite clear that the country was overwhelmingly opposed. But in practice it is very doubtful if such an occasion for the use of direct action would ever arise, for no Government would be likely to persist in a policy in face of unmistakable popular opposition. Direct action could not succeed unless the conditions were such as to make direct action unnecessary. If such conditions did exist, the mere demonstration of the general will would be sufficient to achieve its purpose.

Some better system for expressing the general will in a representative assembly must be devised. The House of Commons elected in 1918, apart from the fact that the verdict of the electors was taken under a momentary impulse, was not representative of public opinion. The peculiarities of our electoral system enabled the Government Party to secure four-fifths of the seats in Great Britain by votes which represented in the aggregate only eleven-twentieths of the total votes cast. This adventitious majority gave the Government a five years' lease of power, which under the constitution they can hold, in spite of the fact revealed by the results of the subsequent by-elections that they no longer retain the support

of even a majority of the electorate. Things like this bring the representative claim of Parliament into contempt, and are a potent cause of disaffection. The present electoral system in Great Britain denies adequate representation to minority opinion. It is most important that minorities should be adequately represented, not only because minorities have a right to representation, but because the feeling of confidence in the fair-mindedness of every representative institution should be maintained. A system of Proportional Representation is essential to make Parliament representative of the general will.

The reforms suggested, together with the abolition of a Parliamentary Chamber of an unelected and unrepresentative character, and the equalization of the franchise between the sexes, are necessary to restore confidence in Parliamentary institutions and in constitutional methods. And if these reforms were carried out there would remain no vestige of excuse for extra-parliamentary action.

The unsympathetic attitude towards the reasonable demands of Labour adopted by certain capitalists and by certain sections of the Press exasperates the feelings of large bodies of workmen, and drives them to extreme measures. There are, it is true, features in the unrest in the industrial world, or rather in some of the ways in which it expresses itself, which cannot be looked upon with satisfaction, because they hold no promise of being able to secure permanent advancement. But the more fortunate classes make a serious mistake in regarding outbursts of violent language on the part of certain sections of the workers as being representative of the methods of Labour

generally. The justice of the revolt of the workers should not be ignored; sympathy with their conditions should not be withheld; help should not be refused to them because their discontent sometimes expresses itself in ways which may not be approved. If those who have been more fortunate, who have had the advantages of education and leisure, will persist in opposition to the legitimate demands of Labour, the class struggle will be embittered and serious consequences may arise. Those comfortably placed people who take up an attitude of relentless opposition by word and deed to the demands of Labour for better conditions are the real revolutionaries. This class of person was typified in the cleric and layman by two individuals who spoke at a meeting addressed by the writer, the layman seeing no hope for the future unless every agitator were hanged, and the parson basing his pessimism on the belief that the devils which were expelled from the Gadarene swine had found a habitation in the modern Trade Union movement. If such an attitude as this towards Labour is maintained by the well-to-do classes, one would despair of a peaceful solution of the problems of social unrest.

Reform, it has been said, is the surest preventive of revolution. Revolution invariably springs from conditions which have become intolerable. Hopelessness and despair are the parents of revolution. The rise of Sinn Fein in Ireland, and the condition of that country in 1920, are painful illustrations of the consequences of neglecting to deal with a problem before it becomes acute. The common people suffer long in patience before they resort to methods of

violence in the hope of ending their misery. Times of revolutionary ferment in Europe have always coincided with periods of exceptional popular suffering. If statesmen wish to avoid revolution they will deal with the conditions which provoke it. A hungry people becomes a desperate people. Poverty and unemployment, if neglected, will ultimately drive the most passive and peaceful people to acts of lawlessness and rebellion. The present economic state of Europe is favourable for revolution. These are truths which not only statesmen, but all citizens who wish to avert revolution, should take into serious consideration.

Another encouragement of revolution is the lawlessness and provocative actions of Governments. When Governments themselves aid and encourage lawlessness in high places, it is only natural that the respect for law and constitutional methods will be weakened, and the working classes will consider themselves justified in showing less regard for law. The deep-rooted belief in the adage that "there is one law for the rich and another for the poor," especially when the belief is confirmed by modern instances, brings law and respect for constitutional methods into disrepute. The methods of Bolshevism are not confined to the Soviet Government of Russia. The circumstances of the General Election of 1918 have, I am sure from my knowledge of working class opinion, done incalculable harm to constitutional government, and have greatly strengthened the revolutionary element in Great Britain. The circumstances of that Election, and the continuance in office of a Government elected under false pretences, have

provided the opponents of Parliamentary methods with an argument of great force.

Revolution in Great Britain is extremely improbable. It will never come by the deliberate choice of the working classes as the best method for achieving economic and social emancipation. If revolution should come, it will be due to the ignorance or deliberate provocation of governments and employers. If economic conditions in Great Britain are permitted, through the neglect of statesmen, to get into the state in which many of the Continental countries are now plunged, not even the natural instincts of the British working classes for constitutional methods might be a sufficient bulwark against rebellion.

This is a warning, but not a prophecy. I do not think it will come to this in Great Britain. The common sense of the British people has saved them in the past in many great crises from plunging deeper into chaos by wild and reckless action. While Continental countries have made futile revolutions, the British working classes have followed the sounder ways of industrial and political organization, building up their Trade Unions, Co-operative Movement, and organizing politically for the conquest of government. This method the British working classes will still pursue. Revolutionary ferment is like an epidemic. It breaks out periodically, and it affects a small number of people, leaving the vast mass untouched. The folly or ignorance of the few may retard progress and may weaken the necessary solidarity of the working classes. This is the case at the moment. The Socialist Movement on the Continent is impotent through the ravages of the revolutionary element.

But it will recover its health, and as the young and inexperienced men who constitute the revolutionary section of the Continental Socialist Movement gain knowledge and wisdom with age, and from the patent folly and futility of their methods, the ferment will subside as it has so often done since the French Revolution. Indeed, there are abundant signs that the revolutionary fever is rapidly abating already.

These periodic outbursts of revolutionary fervour are not altogether without their benefits. The constitutional and democratic methods ultimately gain a stimulus from their futility and failure. The violent quarrel between Marx and Bakounin, which lasted for five years and which finally ended by the utter collapse of the "bourgeois democrats," was followed by the most marvellous progress of working class political organization in history. From 1871 to the outbreak of the Great War the democratic organization of Labour and Socialism proceeded without interruption in all the principal Continental countries and in Great Britain. The whole International Socialist Movement subscribed without reservation to the dictum of the elder Liebknecht that "Socialism and Democracy belong to each other and can never stand in contradiction to each other. Socialism without democracy is pseudo-Socialism, just as democracy without Socialism is pseudo-democracy. The democratic State is the only possible form of socialized society." To this position the International Socialist and Labour Movement will revert, because the democratic way is the only way in which the new social order can be achieved.

The conversion of democracy is a hard task, but he would be a pessimist indeed who would despair of its achievement in view of the great advance in the last fifty years. It must be remembered that but two generations have passed since a popular system of education was established in Great Britain, and since even a partial measure of democratic enfranchisement was secured. Those who have faith in democracy, who believe that the democratic method is the only sure and certain way of social advance, must concentrate upon the two essentials—education and organization. The only sure and safe foundation on which the new world can be built is the intelligence and support of the people.

We discard, then, all belief in the possibility of a ready-made Utopia rising upon the ruins of the complete destruction of the existing economic and social order. Every past economic and social system has been a preparation for a higher form of organization and civilization. The present economic and social order cannot be destroyed without at the same time destroying the germs of the new life. The form and structure of the new world order is already appearing, moulding and transforming the existing system. Even when the economic and social order has been radically transformed, there will still remain survivals of the old order, just as remnants of chattel slavery and feudalism survived the advent of capitalism. The New World Order will be achieved by moving "from precedent to precedent."

This does not mean that progress need be slow. Though the capitalist system had for ages slowly been preparing in the womb of time, it came to life with

a startling suddenness, and in a generation transformed the industrial system and life of Great Britain. But it does mean that the peaceful world revolution cannot come, except as a result of a mental revolution, which will consciously work in harmony with economic evolution. The democratic movement will no doubt in the future, as in the past, be disturbed by cross currents. But these will not divert the course of the main stream, which will flow on through democratic channels, gathering volume in its course.

## CHAPTER IV

### NATIONALIZATION

**T**HE New World Order must be based upon the principle that all individuals have an equal right to life, liberty and a share in the resources of civilization. This, as was pointed out in the first chapter, is not possible where the essentials of life are the private monopoly of certain individuals who possess the legal right to deny the use of these things to others. All individuals have certain primary needs in common. They all require food, clothing and shelter, and as civilization advances, forms of culture, that is, the satisfaction of mental needs, become of almost equal importance.

Society is divided into two classes, those who own and those who work for the benefit of those who own. No community can claim to have established the primary conditions of human freedom and to have provided the conditions of human development which permits land and the instruments of production to be a private monopoly, excluding the vast majority of people from access to the use of these instruments.

The first step, therefore, in the construction of the New World Order is to organize the production and distribution of essential commodities on a collective and co-operative basis. So long as the world is constituted of independent States controlling their own internal affairs the question of the ownership and

organization of their economic life must be largely their own concern. The internationalization of the world's material resources will have to wait until countries have governments agreeing to co-operate in carrying out a common policy of reconstruction. It may be some time before this step is reached upon an extensive scale, but it is now recognized and admitted that the breakdown of the economic life of a great part of Europe can only be dealt with by international co-operation. Just as capitalism has prepared the conditions within a nation for public ownership of the great industries, so capitalism, by its international ramifications, is preparing the way for the internationalization of the supplies of raw materials and the great industries of an international character. Great commercial enterprises, such as the Lever Combine, for instance, own large properties in all parts of the world. Governments, too, are becoming partners in commercial undertakings outside their own borders. The British Government has financial interests in the Suez Canal Company, the Turkish Petroleum Company, the Anglo-Persian Oil Company, in shipping companies and in banks. The way is being prepared for the internationalization of great commercial undertakings, and when all the governments become democratic the time will be ripe for the ownership and control of these international concerns by a democratic League of Nations.

Our immediate concern, however, is with the question of bringing land and the instruments of production under public ownership and public control in this country. To the Labour Party the public control of land and industrial capital is not merely

a question of practical expediency, but of abstract justice and principle.

Speaking at Paisley on January 30, 1920, Mr. Asquith said :

Where Liberals join issue with the Labour Party is in the means by which social equality and social progress can be most effectively achieved. Liberals were great believers in the driving and elevating power as freedom. They heard a great deal of vague talk about the nationalization of this industry and of that industry, and indeed of all industries. . . . Nationalization is not a matter of abstract philosophy or principle, but of practical expediency. Experience shows that there are certain industries, certain services which in the interests of the country can be better and more safely carried on by the State or by the municipalities than if they were left to private enterprise. They are, for the most part, of such a kind that from the nature and necessity of the case you could not have free competition between rival producers without the danger of creating, and there is always this danger, of creating a monopoly. He would like to ask the men who use the word "nationalization" what it meant. He wanted to get to close quarters with the nationalizers and ask what the precise thing meant in practical working out. What were the steps by which it would be attained and what advantages it would secure to the community? Was it going to make them richer? By whatever road they attained to it, whatever its precise application was, he knew it must mean that they would be depriving the individual of the motive and incentive

to make the best of his work and life. With the best intentions in the world, and without meaning to impose tyranny or despotism on their fellow beings, they would be reducing this community to the same level as the subjects of many of the Tsardom and despotic empires of the past, for they did not change the character of the thing by altering its name.

These observations contain a challenge to nationalizers which it is their duty to meet. Mr. Asquith has summed up with brevity, but with remarkable fullness, the arguments against nationalization. Liberals are not alone in believing in the driving and elevating power of freedom as freedom. But where Liberals and Labour differ is in their conception of the means by which social equality and social progress can be most effectively achieved. We may grant to Mr. Asquith that the industries and services which are now carried on by the State or the municipality, "better and more safely," as he admits, "than by private enterprise," have been socialized as a matter of practical expediency. But he fails to appreciate that these steps have been taken because a great principle has been at stake, namely, the principle of individual freedom and social equality and social progress. The practical expediency which has compelled the State and the municipalities to acquire and carry on certain industries and certain services was due to the recognition of two facts, first that public interest suffered by permitting such industries and services to be sources of private profit, and second, that the community could organize and carry on these industries and services better than

private enterprise, inspired by the motive and incentive of personal gain.

Liberals and Labour differ in regard to the conditions under which individual freedom can be enjoyed, and they differ, too, in their conception of the nature of freedom. Mr. Asquith appears to regard freedom as the unrestrained liberty of the individual to pursue his own selfish interests regardless of the effect which his activity may have upon the freedom of others. Practical expediency, and the compulsory regulation of and interference with trade and with the liberty of individuals to pursue their own aims, are the answer to Mr. Asquith's case that a system of private ownership of land and industrial capital provides a driving and elevating power of freedom as freedom.

Mr. Asquith and other opponents of nationalization make the mistake of assuming that the individual may be regarded as having made the best of his life and work in proportion to the amount of wealth he acquires and the extent to which he secures a monopoly of land and industrial capital. The only freedom which these men appear to be able to conceive is the freedom to succeed in imposing economic tyranny and despotism on others. They utterly fail to understand that if a few individuals possess a monopoly of something which everybody needs, there can be neither economic nor social equality. It will not be denied, for instance, that all individuals draw their sustenance from land, and it follows, therefore, that if this commodity is the private property of individuals, the land owners can refuse others the use of the land or dictate the terms on which the land may be used. Neither social equality nor social pro-

gress can be effectively achieved where the essential commodities are a private monopoly.

Mr. Asquith does not appear to object to the nationalization of monopolies, and by this admission he concedes the case for the nationalization of all the great industries and services. The tendency in all industries is always towards monopoly. It does not reach the stage of complete monopoly by one step. There is a monopoly of ownership and a monopoly of control. Evidence has already been given in this volume to prove that in the great industries agreements exist between firms engaged in the same trade, whose capitals have not yet been amalgamated, for the fixing of selling prices. Free competition between rival producers is giving way, not merely in the manufacturing but in the wholesale and retail trades, to a monopoly which is inimical to the interests of those employed in the trade and of the consumers. The step beyond trade amalgamations for eliminating competition is the unification of capital, and both in Great Britain and in the United States this stage has been reached in many great industries which now practically monopolize the raw materials and the finished products of these industries. As this process continues and industry assumes more and more the form of monopoly, the practical expediency of nationalization, which Mr. Asquith does not dispute, becomes more pressing.

The case for Nationalization may be stated as follows :

That it is based upon the philosophy or principle that natural resources should be common property because they are equally necessary for all.

That economic freedom cannot be enjoyed unless all have equal access to the physical bases of life.

That modern methods of production have made it impossible for their inherent advantages to be generally shared unless the ownership and direction of industry are in the hands of the community.

That private enterprise and competition have failed both to make the best of productive power and to secure an equitable distribution of the products.

That the capitalists themselves are increasingly recognizing the wastefulness of competition, and are in consequence replacing competition by monopoly.

That nationalization as an economic problem is based upon the breakdown of the old system and is the only practical and possible alternative.

That the subjection of labour to land and industrial monopoly reduces labour to a condition of servitude, creates social inequalities and renders social progress difficult or impossible.

That nationalization is in harmony with industrial development, and that, indeed, industrial development has, on the ground of practical expediency alone, made nationalization inevitable and imperative.

That nationalization is practical, as is proved by the many cases in this and other countries of the successful working of nationalized and municipalized industries and services.

That nationalization provides a better means of satisfying self-interest than competition, and that nationalization is the extension and completion of the policy of regulating and restricting industry by legislation.

That nationalization will secure for the community

the monopoly profits which are now appropriated by private individuals with such disastrous consequences to the community generally.

I will deal with Mr. Asquith's questions as to the steps by which nationalization can be attained and what advantages it will secure to the community later, but for the sake of convenience I will now summarize the case against nationalization and later proceed to reply to these objections.

That the nationalization of all industries means a gigantic and tyrannical bureaucracy.

That nationalization by confiscation would be robbery, and nationalization by purchase would create a vast new debt which would be a crushing burden on the community.

That public enterprise lacks initiative because it has not the incentive of profit.

That no nationalized industry could ever attain a high degree of efficiency unless it were developed under autocratic management, and that this would lead to a state of tyranny and despotism worse than the existing system.

That nationalization is based upon the fallacy that altruistic rather than selfish motives dominate human efforts, and that men will work better co-operatively than in combination.

That nationalization would involve compulsory labour under the Socialist State, and that freedom of choice of occupation would be abolished.

That the safeguard against private monopoly is not a State monopoly which is more dangerous, and that the evils of capitalism can be reduced to a minimum and its advantages retained without nationalization.

That nationalization would inevitably lead to political corruption and to the degradation of public morals.

That the State ownership and control of industry, particularly during the war period, has been disastrous, and proves that Government management is inefficient, cast-iron, lacks initiative, and is deficient in the elasticity which is necessary for successful business enterprise.

That the primary function of Government is not to organize for commercial purposes, but to keep the ring between private competitors, who must observe the rules made by the Government for the protection of the community.

That nationalization would be particularly disastrous in a country like Great Britain, whose industry is largely an export trade in competition with other countries where the traders are acting under the stimulus of private gain.

I think I have fairly summarized the arguments for and against nationalization. But before proceeding to elaborate the various points I will try to meet the question put by Mr. Asquith, namely, how Labour proposes to carry out its schemes of nationalization. The reply to this question might take the form of reminding those who make the difficulty of means and method, that nationalization, both in this and other countries, has been carried out to a considerable extent. The method by which large industrial concerns and public services have been nationalized and municipalized is a method by which other enterprises and services will be acquired by the community.

Confiscation is a simple, and to some minds an

attractive solution of the problem of nationalization. But as a practical proposition it raises immense and insuperable difficulties, and is open to all the grave objections against a revolution which have been set forth in the previous chapter. Granting, as we do, that accumulations of capital are the proceeds of unpaid labour, there would be some moral justification for confiscation, provided all the possessors of capital were simultaneously treated alike. But that is an impracticable proposition, for it would involve the dislocation of industry, the stoppage of production and distribution, and the destruction of the capitalist organization which it is essential to maintain and turn from its present purpose of profit making to social service. Nationalization must be carried out without interrupting the process of production, otherwise incalculable suffering would be inflicted upon the workers, who have no resources upon which they could exist during the period of transition. If the whole of the capitalist system were developed up to the point of ripeness for public acquisition and control, confiscation might be a practical method, but even then enormous suffering would be inflicted upon the dispossessed classes until such time as industrial and social organization was able to fit them into the economic and social system. Partial confiscation would precipitate a violent revolution, in which not only those who were being dispossessed would participate, but all the large property interests, because they would naturally expect that their turn might soon come. Confiscation, if partially applied, would be unfair and immoral, because it would single out for special treatment sections of the community while

leaving others in the possession of their privileges and property, though they had no greater legal or moral right to it.

The mere fear or threat of confiscation would have a disastrous effect upon production. Capitalists could not be expected to continue to produce, to renew their plant, to improve their processes if the spectre of confiscation were before them. It would be harmful, if not disastrous, to nationalization to advocate a policy which would lower the efficiency of the industries it is proposed to acquire. Nothing could be more silly than the idea which has found favour in some quarters that the best policy to pursue in anticipation of nationalization is to sabotage the capitalist concerns. The higher the state of efficiency of an industry when it is acquired by the community, the better are the chances of its success as a nationalized enterprise.

There are certain circumstances in which partial confiscation may be justified. The capitalist system is defended on the ground that it is serving a useful social purpose. The threat of confiscation might therefore be usefully employed to stimulate inefficient private enterprise. This is partially recognized in the provisions of the Corn Production Act, and though this, as applied to the cultivation of land, is perhaps more manifestly just, it would be equally fair to apply it to the manufacturer should he either deliberately or through incompetence lower production and thereby reduce the national product available for distribution.

In the interests, therefore, of undisturbed production, and as the line of least resistance, the

principle of compensation must be recognized. The compensation, however, must be met out of the resources of the capitalists themselves. Taxation for the purpose of providing compensation puts the burden not upon individuals but upon the whole class, and overcomes the objection of partial confiscation on the ground of the special penalization of a particular class for the public benefit. Some people raise objection to nationalization by compensation on the ground that a huge and intolerable public debt would be created. Such an objection as this can only be urged by those who are woefully ignorant of the methods by which joint-stock companies are financed. The share capital of a joint-stock company, raised by public subscriptions in the form of shares, is just as much a debt as would be the capital raised by the State for the acquisition of, say, the railways or the mines. The railway capital of the country is held by individual shareholders to whom the railway company is indebted. There is no real difference between the debt owing by a joint-stock company to its shareholders and a debt which would be owing by the State on the bonds and shares it issued for the acquisition of a business concern. If the State acquired the railways, the mines, the great shipping lines, or an industrial business like the Coats, or the Lever Combine, or the Shell Oil Company, there would be no increase of debt. The State would have assumed the position of the companies, and would have accepted their responsibilities for the capital which had been subscribed by private individuals.

But it may, at this point, be asked if compensa-

tion is given, if the enterprises acquired by the State are to be paid for at a fair valuation, what would be the advantages which would accrue to the community. We might first of all beg this question by asking what advantages capitalist governments and municipalities and public bodies controlled by business men have perceived in pursuing the policy of nationalization and municipalization in the past? They must have expected some advantages from the transaction either of an economic or of a social character. The mere transfer of nominal ownership from a company to a public body does not abolish the payment of interest, though it does stop for the future the profits beyond a fixed rate of interest going into the pockets of private individuals. Nationalization is not advocated as a method by which the abolition of a *rentier* class could be immediately achieved, though eventually a publicly owned concern will be free from the payment of interest upon the original capital, as is the case with a number of municipal enterprises now, such, for instance, as the Glasgow municipal tramways service. Other steps which will be described later will have to be taken to reduce, and ultimately to extinguish the enormous tribute now levied upon the community in the form of rent and interest.

The way in which nationalization can be carried out hardly needs to be elaborated, in view of the well-known methods by which partial public ownership has been achieved. If the State decides to establish new enterprises it will require, during the transition period, to raise money by borrowing, just as a private company does for the same

purpose. But nationalization will be in the main a question of acquiring undertakings already fully capitalized. And for that purpose the transaction would be carried out by the transfer of the stock in the private company to a corresponding amount of stock in the public concern. In this way the London Docks were acquired from private companies and vested in a public authority. The new Port Authority was authorized to issue, under an Act of Parliament, to the late owners specified sums of port stock, and it was directed that the stock when issued shall be substituted for the existing debentures and other stocks of the dock companies. On such substitution being effected the existing debentures and other stocks in the old companies was cancelled. Though the sum involved in this transaction was only £20,000,000, the same method is equally applicable to the purchase of the railways by the State, involving the transfer of capital amounting to £1,300,000,000.

Though this is the plan which no doubt will be usually adopted in acquiring industrial concerns by the State, other methods may be simultaneously employed, especially in nationalizing the land. The time limit to the enjoyment of rights conferred on individuals in the past is a method capable of extensive use, and it is a method which has received the sanction of the House of Commons in the case of property in licences for the sale of intoxicating liquor. Under the Scottish Temperance Act licence holders were given a seven years' time limit of security, after which, by a vote of the people, the licences could be taken away without compensation.

A similar principle was embodied in the Licensing Bill for England and Wales which passed the House of Commons in 1908. Though the private title to the ownership of land is not absolute in theory, it has been so for practical purposes so long that the withdrawal of that right might be given more consideration by a longer term of time limit than in the case of property in licences. Formerly where a landlord left no direct heir the estates passed to the Crown. There would be no injustice done to any living person by an enactment which limited the private ownership of land or other forms of property to the lifetime of the living possessors with moderate provision for their wives and families.

Another method by which the land could be nationalized without injustice to the living possessors would be by the State buying the land at its present valuation and giving to the owners State bonds bearing a reasonable rate of interest. From the date of this transaction all future increment of value would accrue to the community and would provide a sinking fund by which the bonds could be redeemed within a generation.

Land is not the only means of production which carries an increment of value. Improved methods of production, better organization, invention, and improved efficiency of labour all give an added increment to the value of commercial concerns. The aim of capitalist combinations is to increase the capital value of businesses. When commercial undertakings become the property of the State, assuming that they are economically and efficiently managed, and that advantage is taken of the possibilities of improved

methods of production (an assumption which we hope to show later is reasonable) the increment value will accrue to the community instead of, as at present, going to increase the profits of the capitalists. This increment of value may not invariably take the form of increased profits. It is more likely that the community will share the advantages of these improvements in the form of cheaper commodities, the better quality of products, and improvements in the conditions of labour.

The experience of municipal enterprise fully justifies the expectation just expressed. Innumerable instances might be quoted of cases where after a tramway service or a gas or electrical undertaking has been acquired by the municipality the service has been greatly improved and extended, the charges reduced and the wages of the employees increased and their hours of labour reduced. Speaking in the House of Commons on March 17, 1918, Sir Eric Geddes, the Minister of Transport, said :

“Excepting the one bright spot of municipal tramways, the transportation systems of the country to-day are not prosperous.”

The pre-war efficiency of the Post Office and telegraph service is discounted by opponents of nationalization on the ground that the service is a monopoly, and that therefore there is no standard for comparing its efficiency with that of private enterprise. But it is impossible to believe that any private company working for profit could have given the public a cheaper or more efficient service than was given by the Post Office in pre-war times, and even

to-day the charges for postal services have not risen in proportion to the increased cost of commodities controlled by private enterprise. The wages of Post Office employees and their general conditions of service, though by no means so good as one would like to see, compare very favourably with those of private employment for work requiring a corresponding degree of skill and education.

It would not be fair either to nationalization or to private enterprise to stress too much illustrations taken from war time experience, because the whole state of affairs during that time has been so abnormal and artificial. But a comparison of the railway systems of Great Britain and of the Continental State railways in pre-war days is wholly favourable to nationalization. The State railways on the Continent gave a more efficient service at rates one-half or one-quarter below those charged on the British railways.

There is no stronger opponent of Nationalization and Socialism than Lord Morley, and a statement made by him in the House of Commons when Secretary of State for India is therefore all the more valuable. When presenting the Indian Budget on July 20, 1906, Lord Morley said :

“ . . . The most important tributary of the stream so copiously fed from so many affluents is the State railways. I make a present of that fact to my Socialist friends below the gangway opposite. In India the State undertakes not only railways, but other gigantic operations for the direct development of the economic resources of the country. It constructs railways and canals; it conducts irrigation operations; it conserves

forests. The net revenue under the three heads of railways, canals and forests five years ago was only £2,750,000. What is it to-day? £5,000,000. Therefore, there is a large net increase from these socialistic operations. . . .

“In 1905 there were 250,000,000 of passengers and 56,000,000 tons of goods. The average charge for each passenger was one-fifth of a penny per mile, and the average charge for goods was a halfpenny a ton a mile. I would ask my right hon. friend the President of the Board of Trade to try whether he cannot bring about a reduction in railway rates and charges in this country to those low amounts. The loss which formerly existed on the State railways fell gradually, until in 1899-1900 it turned to a modest gain of £70,000, and this steadily mounted until 1904-5, when it topped £2,000,000. The economic effects of this great beneficent action on the part of the Government to aid private industry must be pretty obvious to everyone in the House. . . .

“One single word as to afforestation; that is a question which not only concerns us but which will concern somebody standing at this box long after we are gone. The State forests of India cover an area of 250,000 square miles, and 66,000,000 cubic feet of timber from the State forests were extracted last year, and there has been an increase in the forest revenues in five years of more than £600,000. I cannot wonder that those who are concerned in these operations look forward with nothing short of exultation to the day when this country will realize what a splendid asset is now being built up in India in connexion with these forests.”

The testimony of Lord Morley in favour of nationalization as a practical expedient could be supported by that of other distinguished authorities who would not commit themselves to nationalization as a general principle. Ten years ago a Royal Commission on Canals and Waterways which was in the main composed of railway directors, canal company directors, and great business men, reported in favour of the nationalization of the British canals and waterways. A Royal Commission on the Irish Railways on which railway directors sat, reported in favour of the nationalization of the Irish railway system. As a matter of practical expediency a Tory Government entered into an agreement with the National Telephone Company for the State acquisition of the service, and this agreement was afterwards carried into effect under a Liberal Government. These illustrations prove that when the question of nationalization can be discussed on concrete issues, and as a question of practical expediency rather than of academic theory, the superiority of nationalization commends itself to men of practical experience in statesmanship and business.

Nationalization and municipalization in Great Britain have triumphed under very great difficulties. The State acquired the telegraphs from the old telegraph company on exorbitant terms. The plant was practically useless, and had to be scrapped and replaced.

The same remark applies to the telephones. The Post Office telephone system has been worked since its acquisition in the face of unceasing and violent criticisms of the opponents of nationalization. Within

a fortnight of the transfer of the telephones from the National Telephone Company to the Post Office the most widely circulated newspaper in Great Britain began an abusive campaign about the inefficiency of Post Office control. From the date of the acquisition of the telephones by the Post Office up to the outbreak of war the Department had been busily employed in improving the efficiency of the system, and with very substantial results. The war impaired the efficiency of the telephone service, as it impaired the efficiency of every other commercial undertaking through the withdrawal of qualified staffs for war service. The proposal made at the beginning of 1921 to raise the telephone rates evoked violent protest from commercial bodies and the Press, which supported their protest by wholesale charges of incompetence and inefficiency against the Post Office. The increased charges represent only 80 per cent. advance over the pre-war rates, which is much less than the increased cost of services supplied by private enterprise.

The difficulties which beset the Post Office in improving the efficiency of the service are created by private capitalists. The telephone service is dependent for the supply of its equipment upon private firms. At the conclusion of the war the Post Office set to work to restore the system which had deteriorated through war circumstances. Progress is being held back through the failure of the private firms upon whom the Post Office has to rely for supplies of equipment.

The inefficiency and cost of the State telephone service in Great Britain is contrasted, to its disadvan-

tage, with the American telephone system which is owned and controlled by a private company. The real facts are all to the credit of the State system. Under the new charges the service given by the Post Office in Great Britain is cheaper than that in America supplied by a company. For 5,000 calls a British user pays the Post Office £38 16s., whereas an American user, for the same number, pays £52 1s. to the American company. The claim that the American service is more efficient than that of Great Britain is not supported by the testimony of those qualified to give an opinion. Whether the British State telephone system be judged by comparison with the service of the old National Telephone Company or by comparison with that of America, the advantage rests with the nationalized system.

A very interesting illustration of the difficulties under which a State service is conducted compared with the freedom and licence of a private company monopoly is supplied by the contrast between the reception of the announcement of an increase of telephone charges and the announcement of an increase in the price of gas supplied by the Gas, Light and Coke Company. While the "newspaper and commercial ramp" against increased telephone charges was at its height, the Gas, Light and Coke Company announced at twenty-four hours' notice an increase in the price of gas by 10d. per thousand cubic feet. There was no newspaper campaign against this high-handed procedure. There were no loud protests from consumers. Chambers of Commerce passed no resolutions of protest. There were no deputations to the Cabinet upon the matter. The telephone charges

were increased by 80 per cent. The Gas, Light and Coke Company had previously raised charges since the outbreak of war by 87 per cent. I am not suggesting that the increase in the gas charges were not justified. The company point out that expenditure has increased since 1913 by 206 per cent. My point is that the violent campaign against the State control of the telephones is prompted by the opposition of private interests to public ownership.

Municipalities have been hampered by heavy capital charges incurred in the purchase of private concerns at extortionate prices. The shareholders of the companies which have been acquired have been represented upon the municipal bodies, and their friends have taken good care to make the best bargain possible. Notwithstanding these handicaps the concerns transferred to public ownership and control have given the public better and cheaper service, and it is a fact of great significance that no nation or municipality which has nationalized or municipalized a public service has reversed its action.

Mr. Asquith asked the advocates of nationalization to state what advantages would accrue to the community from such a system. The reply has been given to him by Lord Morley in the extract quoted, and by the success which has attended schemes of nationalization and municipalization. The advantages of public ownership are not confined, as has already been stated, to an improvement in the efficiency of the service. In pre-war days the State received considerable revenue from the Post Office services, notwithstanding the ridiculous cheapness of its charges. Municipalities have made large profits

from the concerns they own and control, which have been devoted to the relief of the rates, though this method of financing non-productive municipal services is open to criticism.

Partial nationalization and municipalization has been justified by results. It has proved the practicability of the theory and philosophy of public ownership and control. This policy, it is true, has not been carried out as principle, but as an expedient made necessary through the breakdown of the old system and the experience of the failure to obtain an efficient and economical service for the public by a mere regulation of private enterprise.

Mr. Asquith stated that "nationalization would impose a tyranny or despotism which would reduce the community to the same level as the subjects of Tsars and the despotic empires of the past." Are the Civil Servants of the Crown and the employees of public authorities living and working under such a despotism as Mr. Asquith describes? The hundreds of applicants for every vacant post in the Civil Service, the keen competition for work under the public authorities is the answer to Mr. Asquith's grotesque misrepresentation of the effect of nationalization and municipalization. The servants of public authorities enjoy freedom from the harrowing anxiety which is always afflicting those who work under private enterprise. There is a dignity and a status attached to public employment which is lacking in private employment. This is further illustrated by the fact that heads of State Departments and the principal officials of municipalities are willing to accept much lower salaries than their ability and service would command

under private employment. They regard the higher status of public employment as compensation for a lower rate of remuneration.

It may be reasonably urged that though partial nationalization and municipalization has been successful, this success is no guarantee that if the principle be widely or universally extended, a similar success could be guaranteed. No advocate of nationalization would maintain that there are not dangers and difficulties in the way of the general adoption of the system. But every human scheme is beset with difficulties, and it is the work of human beings to overcome them. The public democratic control of industry is inevitable. It is becoming not a choice between free competition and State monopoly, but between private monopoly exploiting the community and the public organization of public services. We are compelled, therefore, to face the inevitable, and the inevitable is the supercession of private ownership and control of the means of production and distribution by public ownership and control.

Let it be admitted at the outset of our consideration of the difficulties of general nationalization that no Government or Parliament could possibly manage industry and trade as a whole. But advocates of nationalization do not propose to hand over the control and management of great public services and industries like the mines, the railways, shipping and manufactures to State Departments similar to the way in which the Post Office is managed to-day. Public control of industry will have to be on democratic lines, not managed by a State Department with a Minister subject only to the very limited control that

Parliament can exercise over Ministerial responsibilities to-day. If nationalization meant that, then there would be much justice in the criticism of opponents that the nationalization of all industries would mean a gigantic and tyrannical bureaucracy. The ownership of industries will be vested in the State or community. The management must be democratic, the workers in each industry having a share in the management and being encouraged to contribute, both by hand and brain, to the efficiency and productiveness of the industry. It would be folly at this stage to be committed to the details of the method of organization. Those will have to be settled as we go along. Probably experimental methods will be adopted which will have to be discarded because of failure, just as the wide-awake capitalist is constantly scrapping old machinery and old methods for new inventions and new methods.

Nationalized industries will not be able to dispense with technical skill and managerial ability. The supreme test of nationalization will be its capacity to discover, to encourage, and to employ the highest technical knowledge and managerial ability. The salaried prizes now possible in private enterprise will have to be available in the public service during the transition period. The great businesses to-day are not managed in the main by those who own the capital. The owners of joint stock companies are shareholders who take no part in the management of the business from which they draw their profits, who have no knowledge of the technicalities of the business, and who, indeed, for the most part are not permitted by the management to know very much about

the inside affairs of the company. The businesses are managed by salaried officials whose only interest in the business is the salary they draw, and the incentive is to make the businesses a success in order to keep their positions and to obtain advancement. With the extension of nationalization the opportunities of employment for exceptional ability in private enterprise will be restricted, and such men in increasing numbers will seek an outlet for their activity and ambition in public service. There is no reasonable ground for assuming that a salaried official will work less efficiently, will display less initiative when employed by the community than when employed, as such ability is to-day, in the services of a small part of the community who happen to be shareholders in a business.

Public service has never lacked men of great ability and organizing capacity. Mr. Winston Churchill, in one of his numerous contributions to the Sunday Press, recently gave as an illustration of the advantages of the capitalist system the fact that a private soldier has reached the office of Chief of the Imperial Staff, and a poor village lad has raised himself to the position of Prime Minister of England. These were unfortunate illustrations, for these two individuals found an outlet for their ability and ambition, not in private business enterprise, but in the service of the State. The ability of Civil Servants who were recruited for political rather than business reasons is appreciated by business men and financiers with whom they are brought in contact in official work. It is a common thing for highly placed Civil Servants to be offered posts in private employment. Some succumb to the dazzling financial temptation;

others, to their credit, reject such offers and prefer to remain at lower remuneration in the public service. Striking testimony to the ability of the Civil Service has recently been given by two well-known gentlemen whose war work has brought them into intimate association with the Government Departments. Mr. Hartley Withers, in his "The Case for Capitalism," says :

"Having had the honour of being for a short time a Government official, I can testify from personal knowledge to the great store of ability that is to be found in our Government offices—this goes without saying when the intellectual flower of our university youths used to go year by year into the Civil Service—and also to the devotion with which, at least during the war, they overworked themselves into pulp. In the matter of ability and the hard work our officials are unsurpassed, if not unrivalled. And yet owing to some fault, even before the war, the net results of their efforts was the subject of much criticism."

The fault in the system which Mr. Withers subsequently described is one which will not be present in the system of democratic nationalization. His point is that no Government can deal with the tremendous task of organizing the nation's economic activities with any approach to success. It is sufficient answer to this to repeat that nationalizers do not expect any Government to undertake such a gigantic and impossible task.

Lord Emmott, after dissociating himself from those critics of nationalization who emphasize the superior incentive of private gain, declares that "it is untrue

to say that Civil Servants of high rank are lacking in aptitude for business. On the contrary, the business men are constantly trying to tempt some of them away to private business because they find their capacity for work to be of such a high order. The high traditions of the Civil Service," says Lord Emmott, "extend to the lower ranks."

The reason for this high sense of duty which is found in the Civil Service is important. It shows the working of a different motive from that which operates in private trade. Civil Servants realize that they are working for the community. They are not actuated by the sordid and petty motives of profit-making. Their ideal is to serve the welfare of the community. The duties of the Civil Servants, it is true, have been different from those of the employees of a business enterprise. But as Lord Emmott admitted, when they have to give their attention to business organization they are able to bring to bear upon the new problems ability and capacity of such a high order as to excite the admiration of business men.

Without committing oneself to the principle of State ownership and control of the liquor traffic, a trade which on account of its nature stands in a different category from essential industries, it is permissible in dealing with the question of the capacity of the State to successfully conduct commercial undertakings, to point to the experience of the Liquor Control Board. This body has acquired all the licensed trade in Carlisle and district, and after closing a large number of redundant houses and improving the structural arrangements of many of the remaining premises, it showed a trading profit of

£168,115 on a capital involved of £916,226, which consisted largely of accumulated profits. This gives a return of nearly 16½ per cent. on the average capital employed in addition to the interest already provided for.

A much more useful piece of evidence of the capacity of a Government Department to conduct ordinary commercial work was furnished by Sir Alfred Mond, the First Commissioner of Works, in a speech delivered in the House of Commons on December 1st, 1920. He mentioned that his Office had been able to intervene usefully in a considerable number of housing schemes where tenders proved either very difficult to obtain or unreasonably high. In nearly every case the Office of Works price had been about £200 per house less than the contractors' prices. Speaking with twenty-five years' business experience, he declared that the Department did the work efficiently and economically, and he had been very much encouraged by this experience of Government Departments being able to do the work more cheaply than private contractors. One case where repairs had to be done to a wall, the lowest tender was for £2,225. The actual work was carried out by the Government Department at a cost of £832.

May we cite the testimony of Mr. Lloyd George as to the advantages of national factories for the manufacture of war materials? Speaking in the House of Commons on August 18th, 1919, he said :

“National factories were set up which checked the prices, and a shell for which the War Office at the time the Ministry was formed was paying 22s. 6d.,

was reduced to 12s., and when you had 85,000,000 of shells, that saved £35,000,000. There was a reduction in the price of all other shells, and there was a reduction in the Lewis guns. When we took them in hand they cost £165, and we reduced them to £35 each. There was a saving of £14,000,000 there, and through the costing system and the checking of the national factories we set up, before the end of the war there was a saving of £440,000,000. The Ministry of Shipping, by its organization, by its reduction of rates, saved hundreds of millions to this country."

The permanent officials of the State and the municipalities have worked under considerable difficulty, owing to the lack of sympathy with public enterprise on the part of the political Ministers and elected representatives. There is something grotesque in the spectacle, for instance, of the Postmaster-General, responsible for a great State business organization, openly expressing his opposition to nationalization and using in public the common argument about the inefficiency and incapacity of State management. For a time the political head of the Post Office was Sir Joseph Pease (now Lord Gainford), who is the leading opponent of the nationalization of the mines. Our municipal bodies, which control vast services, are in the main composed of men engaged in private business, whose interests are opposed to the encroachment of municipal enterprise into the sphere of private profit-making. Remembering these facts the triumph of public enterprise is all the more remarkable, and it is reasonable to assume that if the political heads were men enthusiastically believing in

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collectivism, public enterprise would have been still more successful.

It should be remembered, too, that State and municipal management is subject to far more public criticism than are private business concerns. The public who are served by private traders realize that they have no means of effective protest against inefficiency and exploitation. Under private administration the consuming public have to take what they can get. They have no means of knowing whether the businesses which supply their needs are efficiently managed or not. In the case of municipal services the fierce light of public criticism continuously beats upon the administration. The public realize that they are the owners of these services and that they have a right to complain when the service is not satisfactory. Municipal councillors have to appear before the electors at frequent intervals to give an account of their stewardship. The competition for elected positions encourages efficient administration because the failure of a municipal undertaking cannot be hidden, and the electors, who are the sufferers thereby, punish those responsible by refusing to re-elect them.

Another reason for the superiority of public over private enterprise is to be found in the fact that public bodies have no interest in keeping the secrets of their success. The interest of private business concerns is to devise methods of improvement and new scientific processes and to keep this knowledge to themselves for their own pecuniary advantage. The desire to improve efficiency is not less among the directors of public services. But when one municipality or State Department discovers a new process or improvement

the knowledge is shared among all other departments and public authorities. We do not, for instance, hear of a conference of private traders comparing notes about the internal management of their businesses. But conferences of the officials and representatives of municipal authorities are frequently held for this purpose. This is one of the facts which explains the superiority of municipal enterprise, for many of the recent improvements in the equipment of gasworks, electricity works and tramways have been initiated by the officials of public bodies.

No one who has had experience of Parliament or the work of public bodies could ignore the possibility of political corruption and patronage. But though the possibility exists, it has not yet entered to any extent into public administration in Great Britain. But it is a danger to which schemes of public enterprise are exposed, and the success of nationalization and municipalization will be largely determined by the extent to which public administration is defended against this evil. But corruption and patronage are evils to which private enterprise is even more exposed than public administration, and there is this difference in this matter between private and public enterprise, that in the case of private enterprise there is no restraining influence, whereas in the case of public enterprise such practices are always liable to be discovered and exposed, and those guilty of them are ruined and disgraced.

A Labour Government will have to set its face like flint against the importunities of its friends who desire jobs as a reward for their personal support and against organized bodies who may demand unreasonable con-

cessions. The first Labour Government of Australia had to face this difficulty. The demands upon members of Parliament to use their influence to secure positions in the public service became so numerous and pressing that this democratic Government was compelled to adopt an autocratic method of filling the positions in the public service.

A Public Service Commissioner for the Commonwealth of Australia was appointed, the appointment being severed from any Ministerial interference. The statutory appointment was for a period of seven years, and after the appointment was made the Government had nothing whatever to do with the appointments to the public service or with promotions or the regulation of wages, or anything affecting the service. These matters were placed entirely in the hands of the Commissioner. The Ministry had no power to interfere with his decisions. The Commissioner regulated the strength of the service and the scales of pay in particular departments. Before the appointment of the Commissioner all appointments to the public service were Ministerial.

The political danger of an electorate of Civil Servants who could bring their Parliamentary vote to bear to gain concessions, whether these concessions were reasonable or unreasonable, is one which must be resolutely faced. At one time it was met in this country by the political disfranchisement of certain classes of public servants. In Australia an impractical attempt was made to deal with the difficulty by grouping the civil servants into one constituency. These are not the methods by which the danger can be met, and both have been abandoned. Civil ser-

vants in Great Britain have full political rights, and in the case of the Post Office employees the right of trade union and political organization has been conceded. The political influence which postal employees are able to exercise is very considerable. Their officials lobby the House of Commons and organize support for their claims among members of Parliament when the Post Office Estimates are under discussion. In no debate of the Parliamentary session is there more competition to speak among the members of the House of Commons than on the Post Office Vote. Whether the claims of the postal servants are just and reasonable is not the point at issue in the matter with which we are now dealing. For if members of Parliament can be influenced by the political pressure of a section of their constituents to support a reasonable demand, they are just as liable to be influenced in support of an unreasonable one. The Government, members of Parliament and members of municipal bodies must be free to consider all questions upon their merits, and must not be under the temptation to concede demands through the fear of losing the electoral support of an influential section of their constituents. The adoption of a system of Proportional Representation would relieve members of Parliament from the temptation to concede the demands of sections or classes of the electorate through fear of losing votes, when the demands themselves could not be justified on their merits.

The only effective safeguard against the danger of large bodies of public servants using their political power in their own interests is the development of a social spirit. Unless public service is permeated by that spirit, it will not succeed. And it is not a vain

hope that this spirit can be developed among the mass of the workers.

We have quoted Lord Emmott's testimony about the *esprit de corps* which permeates the higher branches of the Civil Service, and though this has not permeated through the whole ranks of the Service nor among the vast number of municipal workers to any great extent, the spirit is growing, and we may hope and expect that it will continue to develop until all workmen are conscious that their own sectional interests are of small importance compared with the interests they have in common with all members of the community.

It will need considerable educational work to fully develop this social spirit. Workmen who have been trained in the competitive system, who through necessity have been compelled to fight for a job with their fellow workmen, who have worked under a system in which everybody is trying to keep the most he can for himself, are not likely to have their point of view and their motives changed immediately they are transformed from the service of capitalism to the service of the community. But under new industrial conditions the conversion, though gradual, will be rapid. Experience supports this optimism. Given security of employment on the condition of honest service, with the knowledge that the fruits of industry are going to those who render service instead of to the support of idleness, and a transformation will be wrought. The social spirit, the desire to serve the community and to subordinate pecuniary gain for that aim which is exemplified in the higher ranks of the civil and municipal services, will permeate all ranks of indus-

tries under public control when the atmosphere and motive of service have been changed.

That at least is our hope and expectation, and until it is realized the full fruits of the collective control and organization of industry will not be achieved, though the economic and other advantages, such as a larger share of wealth and more leisure, will become immediately available for widespread enjoyment.

It is urged with some force that in a country like Great Britain, which is dependent to such a large extent for the employment of its people upon the export trade, it would be rash to embark upon great schemes of nationalization. "It is," said Mr. Arthur Balfour in defending private enterprise, "upon the productive activity, the inventiveness, the enterprise, the knowledge, the readiness to run risks and to bear the results of risks when they go wrong, it is upon this that a great community depends, and upon this alone for the wealth it can use."

Advocates of nationalization maintain that none of these essentials, conditions of trade and commerce would be impaired by nationalization. On the contrary, the economies which would be effected by the elimination of competition would greatly reduce the cost of production, and a nationalized industry with a large export trade would thereby be in a better position to compete successfully in the markets of the world. In this contention they are supported by the Federation of British Industries, who in a recent manifesto stated that "the modern development of the industrial system and the development of combinations and the commercial competition of other countries make combination absolutely essential if British

industry is to hold its own." The Federation of British Industries admitted the need for superseding competition by monopoly, but desire that the monopoly should not be communal but private.

Public enterprise has hitherto been greatly restricted in its liberty to embark upon new enterprises, and to take risks. Two illustrations of this appear in the Press at the time this chapter is being written. A Committee of the House of Lords has struck out of a Bill promoted by the London County Council provisions to enable that body to run motor omnibuses. Private enterprise is under no such restrictions. An omnibus company is not compelled to apply to Parliament for permission to use the public streets for such a purpose. The second case is that of a London borough which started a municipal laundry. An injunction has been obtained in the courts against this enterprise. In both these instances the public authority showed enterprise and a readiness to run risks, and was willing to bear the results of risks if they went wrong; but private interests, represented by Parliament and the law courts, refused the community permission to embark upon these projects although a small section of the community are perfectly at liberty to do so.

Public administration is condemned on the ground that it lacks elasticity, that it is swathed in red tape, that it develops over-centralization, and that its officials are slaves of precedent and routine. But to the extent that these statements may be true, they apply equally to all large business undertakings. What opponents of nationalization condemn as standardization and red tape methods is developed organ-

ization based upon long experience. Nationalization and municipalization will, of course, fail unless they are conducted on common-sense lines, and to suggest that they would not be so conducted is to indict the capacity of the governing classes and to imply that the community is too ignorant to insist upon its own business being competently managed. Foreign trade certainly would be exposed to little risk of disaster from nationalization. On the contrary, it is reasonable to assume that the enlisting of the co-operative effort of the best technical and managerial ability that can be attracted into the public service and of a contented body of workers, would secure the full economic possibilities of such trades and industries. Our manufacturing trades dependent upon export are admittedly seriously hampered to-day because of the strained relations between employers and workmen. Appeals for increased production fall upon the deaf ears of the workmen because of this recognized conflict of interest between the two classes. Give the workmen an interest in their work, give them the assurance that a fair proportion of the increased output will return to them in increased remuneration, give the same assurance to the important body of salaried and technical workers and managers, and there would be no obstacle to securing the largest possible output. The self-interest, as well as the community interest, of those upon whom production depends will be far better served by harmonizing their interests than they can be in internecine competition.

Nationalization ought not to lessen but to increase the opportunities for an individual exercising his gifts and qualifications in the most useful and profitable

way. It must be remembered in considering nationalization that nationalization is not the only path by which the new social order of economic and social freedom will be established. The aim of social organization should be to fit every individual into the place in the economic and social order he is best qualified to fill. A community alive to its interests, and anxious to utilize its material and human resources to the utmost, would pay special attention to the education and technical training of every youth. Young men and women are in the main left without training and direction for their future usefulness. A man enjoys freedom in his work when he takes an intellectual interest in doing it. "When a man is rightfully employed," says Ruskin, "his amusement grows out of his work as the colour petals out of a fruitful flower."

Nationalization and the extension of municipal enterprise will not be carried out by one comprehensive Act. The socialist argument is that when an industry has reached the stage of monopoly it is ripe for public ownership and control. The land, the railways, the mines, shipping and other forms of transport, the production of electrical power and many manufacturing trades, and banking and insurance are ripe for the application of nationalization. The State and municipalities ought to be given freedom to establish competitive enterprises. There are plenty of precedents for competitive municipal enterprise. Municipalities everywhere are now committed to the provision of houses through the collapse of private enterprise in house building.

The controversy between nationalized and private enterprise resolves itself into a question of which can

better meet the needs of the community, and it would be unwise on the part of a community to deprive private enterprise of the opportunity of proving its superiority over nationalization. But private enterprise could not be permitted to exist unless it conformed to the standard of wages, hours and conditions prevailing under public employment.

Nationalization asks for a fair field and no favours, and its advocates are confident that, given this, it will prove in a widely extended sphere to possess immense economic and social advantages over competition and private enterprise.

## CHAPTER V

### THE LAND PROBLEM

**L**AND is the source from which all material wealth is gained. The primary business of a community should be to develop to the utmost the possibilities of its land. That the land of Great Britain is not to-day utilized to anything approaching the full possibilities is a matter about which there is no dispute. Abundant evidence in support of that fact can be cited from the testimony of the landed and agricultural classes. Mr. R. E. Prothero, now Lord Ernle, late Minister of Agriculture, and one of the greatest living authorities on British agriculture, in "English Farming, Past and Present" (1912), says:

"Thousands of acres of tillage and grass land are comparatively wasted, under-farmed and undermanned. Countries whose climate is severer than our own and in which poorer soils are cultivated, produce far more from the land than ourselves."

Lord Bledisloe, who is better known as Mr. Charles Bathurst, in his pamphlet, "To Avoid National Starvation," published in 1912, says:

"During the last twenty years the British area under arable cultivation has shrunk by no less than a million and a half acres or by the total area now under wheat. This means not merely that land has been and is continually being laid down to grass or tumbling down to couch and other weeds, but also that

the population of the villages has been depleted . . . grass or the many worthless weeds which look like grass constitute England's greatest eyesore, the most obvious and scathing condemnation of short-sighted statesmanship in a country with a teeming industrial population."

That the land of this country is capable of producing much more than its present yield is proved by the fact that it did so in the earlier years of the last century. I had better quote the testimony of Mr. Lloyd George on this point, as at one time he was an acknowledged authority on the land question. Speaking in the House of Commons in December, 1920, on the Agricultural Bill, he said :

"Fifty years ago you had something between one-third and one-fourth of the population of Great Britain working in and around the land. When the war broke out you had something between one-ninth and one-tenth of the population on the land. It was not merely that agriculture had not increased in proportion to the rest of the population, but there had been a decrease by hundreds of thousands of those actively engaged in that occupation, and that meant a decrease of the population on the land by something like three millions. Last year we imported into this country for consumption (I have deducted what we re-exported) £500,000,000 worth of food which this soil and this climate is capable of producing. It is a national weakness. It is a national folly. It is a national scandal."

It might be incidentally remarked that this statement

was made on the fifteenth anniversary of Mr. Lloyd George's advent to Ministerial office, and such a confession as this about the state of our essential industry is a monument to his achievements in social reform.

When the first census was taken in 1801 the population of the United Kingdom was 16,345,000. At that time the whole of the food imports into the United Kingdom was sufficient to maintain a population of about 850,000 persons. In the first decade of the nineteenth century a population of sixteen and a half millions was fed on home-grown production. From 1815 to 1840 there was a rapid development of British agriculture, and during this period the increase in the food supply practically kept pace with the increase in the population. For the period between 1831 and 1840, when the population had risen to about 26,000,000, the food production of the United Kingdom supported a population of twenty-four and a half millions. In the period just before the outbreak of war the home-grown food supply was sufficient for the needs of 17,500,000 persons out of a population of 46,000,000. The production of home-grown food had in a period of eighty years fallen by 30 per cent. Between 1881 and 1911 the number of persons employed in agriculture in the United Kingdom fell from 2,574,031 to 2,262,172, and in the same period the number of agricultural labourers fell from 1,313,167 to 918,120, whereas in the same period the number of occupied persons rose from 14,897,884 to 20,159,356.

The Agricultural Returns for 1920 make very disquieting reading. In the first ten months of that year the imports of wheat into the United Kingdom

amounted to 98,110,000 cwts., compared with 57,291,000 in the corresponding period of the previous year. The crops of wheat, barley, oats, potatoes and mangels in 1920 were in all cases below the average. There might be some consolation to be gathered from these figures if other branches of agriculture had shown an improvement, but this is not the case. The number of acres under the plough in 1920 was 12,020,000, a decrease upon the previous year, while the acreage of pasture land remained practically the same as in 1912. The total arable and pasture land in 1920 is 504,000 acres less than in 1914. Wheat and oats have fallen in area as well as in yield, leaving barley for the production of beer showing some increased yield. This decline is all the more remarkable when we consider the prices of grain in the respective years. In 1920 the average price of wheat was 90s. 7d., and in the previous year 72s. 10d. Barley and oats and potatoes all realized increased prices. A painfully disquieting feature of the Agricultural Returns of 1920, taken in connexion with the decline of corn production, is the falling off in the number of livestock. The number of cattle in 1920 was 5,546,000, a decrease of 650,000 over the previous year. The number of sheep fell from 15,124,000 in 1919 to 13,378,000 in 1920. The number of pigs showed a slight increase, though the number was 500,000 less than in 1914.

The possibility of increasing the supply of home-grown food is proved by the fact that under the fear of starvation in 1918, 32 per cent. more corn was harvested in England and Wales than the average of ten years before the war. The wages, housing

conditions and general standard of life among the agricultural labourers in pre-war days were so deplorable that this, the greatest of our industries, was officially classified as a sweated trade. In 1907 the Board of Trade made careful inquiry among all classes of farmers into the amount of wages paid in cash and kind. The result disclosed the fact that the average weekly earnings (that is, including the cash value of extras) was 17s. 6d. per week. It is important to note, however, that this figure refers solely to able-bodied adult labourers in regular employment. The average, therefore, for all classes of agricultural workers would be considerably less than this. The average was considerably raised by the higher wages paid to agricultural labourers in those districts where higher-paid industrial work was near at hand. The cash wages of agricultural labourers in Suffolk, Norfolk and Oxfordshire was less than 13s. per week, and the total earnings below 14s. Between the date of this inquiry and the outbreak of war the cash value of wages considerably declined owing to the increase in the cost of living. In 1912 wages were less than 3 per cent. above the figure of 1907, and the increase in the cost of living was 10 per cent.

That war-time measure, the Corn Production Act, the principle of which has now been embodied in permanent legislation, established a minimum wage of 25s. per week for agricultural workers. The District Wages Boards, have, however, in all cases fixed a minimum considerably in excess of this figure. Before 1914 the agricultural labourers were practically without trade union organization. In the last six years there has been a phenomenal growth of

trade unionism in this industry, and the Agricultural Labourers' Union has now a membership of about a quarter of a million. It is the power of this union which is mainly responsible for the improvement in recent years in the wages and conditions of agricultural labour.

The bad conditions of agricultural labour in the United Kingdom have driven the workers from the soil to the extent already noted. The more virile and enterprising have sought an improvement in their lot by emigration, and in the ten years before the outbreak of war nearly a quarter of a million left the United Kingdom for non-European countries. Side by side with this emigration there has been a constant influx of land workers into the towns, tempted by the prospects of higher wages and by the attractions of town life. This migration from country to town has had twice cursed consequences. It has denuded the land of labour, necessitating the turning of arable land to grass, and has intensified the competition for labour in industrial occupations, greatly to the disadvantage of the town-bred population who have been unable to compete successfully against the more healthy and vigorous country-bred people.

This migration from the country has not been due, but in a very small measure, to the fascinations of town life. The agricultural labourer has left the soil on which he was born with great reluctance. The unsatisfied demand for allotments and small holdings affords evidence that the labourers would remain upon the land if they could see some prospect of moderate comfort. The man with any self-respect and ambition cannot be expected to remain content with a

miserable wage and insanitary dwellings and the certainty of having to end his days in the poorhouse.

These are some of the facts of the agricultural side of the land problem. The causes of this deplorable state of things are many and varied, but the deep-rooted cause is landlordism. No land can be expected to provide an adequate return to the cultivator and at the same time maintain in luxury a landlord who contributes nothing, either by labour or capital, to the productivity of the soil. One of the chief deterrents of increased productivity by the farmer has been his knowledge that such an improvement would lead to an increase of his rent. A further cause of the decline of agriculture is the fact that it has been found to be more profitable to employ capital in commercial undertakings and in foreign investment. There was a time when the great landowner looked with disdain upon the manufacturer and trader. But that day has gone, and many of our blue-blooded aristocracy find a more profitable employment for the rents they receive from their land than in the re-investment of them in land development. An examination of the shareholders' lists of British companies operating in land syndicates in the colonies and foreign countries discloses the names of a large number of big British landowners. The necessity of maintaining British agriculture as the basis of national prosperity has not been a sufficiently patriotic motive to compel the landowners to confine their interest to that need.

The conservatism and ignorance of the British farming class must be assigned as one reason for the backward state of British agriculture. The appli-

cation of scientific methods to land culture has been opposed by the farming class. Only within recent years have co-operative methods begun to be applied in agriculture, and up to the present the progress has been lamentably slow. It was given in evidence by many witnesses who came before the Royal Commission on Canals and Waterways, of which the writer was a member, that the freight rates on the canals were unnecessarily high because farmers could not be induced to co-operate to buy their manures, lime and feeding stuffs in large quantities, and to join together to send their produce in bulk to the markets by which the cost of transport could have been considerably reduced. Inadequate means of transport and heavy railway rates have undoubtedly militated against the development of British agriculture. Preferential rates given to foreign producers on British railways have placed the farmer at a great disadvantage in competition with his foreign rival.

The lack of scientific training must be set down as one of the important reasons why British agriculture has declined. In every skilled industry except agriculture men are scientifically trained for the work, but the British farmer is quite content to jog along with his empirical knowledge, looking with contempt upon School Board education and all new-fangled ideas. If British agriculture is to be revived it will have to be realized that for its proper development wide scientific and technical knowledge is needed to an equal, if not a greater, degree than that required for the successful working of other industries. Surely human knowledge has not reached its limit in regard to agriculture? While invention and science have

multiplied the productivity of manufactures by a hundredfold, agriculture has lost much of its one-time productivity.

Without going into a prophecy about the ultimate possibilities of agriculture, we have sufficient information to know that by the full use of present knowledge the productivity of English soil can be vastly increased. May I again quote the testimony of Mr. Lloyd George. In the speech to which I have already referred, he said :

“I come to the question of whether increased production is possible. Take countries with the same soil as ours. Take Germany or Denmark. The soil of Britain on the whole—I am talking of the cultivatable area of Great Britain—compared with the cultivatable area of Germany or Denmark, is better than that of Germany or Denmark.” He then went on to cite the following statement from the Report of the Selborne Committee :

“On each hundred acres of cultivatable land the British farmer feeds from 45 to 50 persons, the German farmer feeds from 70 to 75 persons. The British farmer grows fifteen tons of corn, the German farmer thirty-three tons. The British farmer grows eleven tons of potatoes, the German farmer thirty-five tons. The British farmer produces four tons of meat, the German farmer four and a half tons. The British farmer produces seventeen and a half tons of milk, the German farmer twenty-eight tons. The British farmer produces a negligible quantity of sugar, the German farmer two and three-quarter tons.”

In the Annual Report on Small Holdings for 1910 the Commissioners said “it is no exaggeration to say

that a considerable quantity of the soil of the country might be made to return at least twice as much as it does at present, and if the results of scientific research could be brought home to the agricultural community there is no reason why this result should not be achieved." In pre-war days the value of home-grown food supplies amounted to less than £4 per acre gross yield. The Report of the Land Inquiry Committee, published in 1913, gives a very large number of cases where by improved methods of cultivation the yield per acre has been doubled and quadrupled, but we need not labour this point with further illustrations. Mr. Lloyd George is quite right when he says that "the soil and climate of Great Britain is capable of producing £500,000,000 worth of food which is now annually imported."

Some people contend that the soil and climate of Great Britain are not suitable for corn production, and that it is more profitable from the national standpoint to turn the land to other purposes for which the soil and climate are more adapted. In a world free from the menace of war and living under the beneficent operation of Free Trade there might be considerable force in this argument, though even then there would remain strong reasons for utilizing our agricultural resources to the utmost limit. Chief among which is the fact that agriculture is the most natural, healthy and interesting of all occupations.

We may now proceed to deal with the practical steps necessary for the revival of British agriculture. The first is that the land must be freed from the incubus of landlordism. The power of a landowner to appropriate the economic rent and penalize the

cultivator, to determine the purposes to which the land shall be put, to depopulate the countryside to make a sporting ranch, must be destroyed. The community must reassert their legal and moral right to the ownership and unfettered use of the soil. It is just as important, nay indeed, more important, for the community to control the land that it may be put to its best purpose as to secure the economic rent. The method by which communal ownership of the land can be acquired has been described in a previous chapter.

With land nationalization there will probably be many different systems of land tenure and land cultivation. It is doubtful if the configuration of the surface of Great Britain is adapted for extensive farming. The intensive method is more applicable to a country like Great Britain. Where the surface is suitable for extensive cultivation this system will no doubt be employed with the aid of mechanical assistance. But the intensively cultivated small holdings will probably be the more common form of occupation and cultivation. Co-operation between small holders in the purchase of manures and other requisites and for the marketing of the produce must be adopted. To bring the producers into touch with the consumers methods of transport will have to be radically improved. I do not look to the development of either the railways or the waterways to be of very much help in marketing the lighter and more perishable farm products. The future of transport for such commodities is on the roads. I was led to this conclusion very definitely through my experiences as a member of the Royal Commission on Canals and

Waterways twelve years ago. About that time I made a public speech in which I advocated the immediate expenditure of £10,000,000 on the development of our roads to make them suitable for motor traffic. My remarks had the distinguished honour to win the approval of such an anti-Socialist journal as *The Spectator*, which said that my proposal was the first sensible suggestion which had ever emanated from the brain of a Socialist.

When this chapter was being written there appeared in the *Times* (December 14, 1920) the report of a speech delivered by Lord Montagu of Beaulieu before the Institute of Transport, in which he said, "The era of roads and road traffic has only just begun and is as yet in its infancy. Soon we shall see our roads made of some permanent or semi-permanent material, perhaps glass or concrete in some form, and the annual upkeep, the most important expense to-day, will therefore be reduced to a negligible figure." He estimated that five years hence there would probably be about two million motor vehicles of all kinds in this country, as against the present day estimate of 750,000. New trunk roads, reserved for motor traffic only, must be made between busy centres. With the development of road traffic the railways and waterways will be used more and more exclusively for heavy goods.

The risks of agriculture are greater than those of any other trade, and the realized product can never be estimated with anything approaching certainty. The state of the weather at particular parts of the year may make all the difference in the world between a good crop and a bad one. Though it is impossible

to estimate the yield of a particular year's crop the average over a number of years remains fairly steady. This fact of the unreliability of Nature establishes a claim by the cultivators upon public assistance, and if the land were nationalized much of the objection to guaranteed prices for agricultural produce would be removed. But such a guarantee would have to be rigidly safeguarded by assurances that the land was efficiently cultivated, otherwise the guarantee would be a premium upon idleness and inefficiency.

Agriculture, too, differs from other industries in the fact that in many of its branches it is not a whole time occupation. Intensive cultivation on small holdings will have to be associated with other industries. Industrial villages should be built in the centre of an agricultural area, and in these villages industries should be set up which would provide part-time occupation for land workers in their off-time. The development of electric power production on a large scale, and improved methods of transport, would greatly facilitate the establishment of rural industries. These villages should contain all the facilities and amenities of communal life. Life in these villages should be so attractive that there would be no temptation to leave the country for the artificial and unnatural attractions of the towns.

A considerable part of the area of Great Britain is not suitable for cultivation, but much of this uncultivable area is eminently adapted for afforestation. In the British Isles, previous to the war, there were about three million acres of woodlands and forests. These have been reduced by about one-third during the last six years. In the ten years before

1914 the importation of foreign timber amounted in value to over £40,000,000 sterling. Our small resources of home-grown timber have been seriously depleted and the world's forests are being rapidly reduced. The world is faced with a timber shortage in the near future, and it is a matter of imperative necessity to take steps to replenish the diminished supplies. This question of afforestation has been talked about for years, but nothing practical has been done. Eleven years ago a Royal Commission sat upon this subject, and during the war a sub-Committee of the Reconstruction Department also inquired into the question. The Royal Commission recommended that nine million acres of land should be planted with timber trees. The sub-Committee's recommendation was more conservative, and advised that 1,180,000 acres should be planted within the next forty years.

We have in the British Isles an uncultivated area of 16,300,000 acres. Out of this approximately 4,000,000 acres are situated above the altitude of 1,500 feet, which is supposed to be the limit line for timber growing. There are, therefore, about 12,000,000 acres of land in the British Isles which at present are put to no profitable use, and which might well be planted with trees. Afforestation is definitely reproductive work, but the return is not immediate. It is because of the period of waiting for a return that private enterprise has neglected this sphere of industry. But the State, unlike an individual, never dies. Planting at the rate of 500,000 acres per annum, ten million acres would be afforested in twenty years. This work would absorb from five

to ten thousand new men each year. It is calculated that when two million acres have been afforested some eighty thousand men would be settled on the land, and this number would be probably doubled by the employment which would be given to others in the manufacture of timber. Afforestation is a sound business proposition. The Royal Commission estimated that after eighty years the net revenue at the prices then ruling should be about seventeen and a half million pounds, which would represent  $3\frac{3}{4}$  per cent. of the net cost. Looked at from every point of view, the State would then be in possession of property worth £562,000,000, or about £107,000,000 in excess of the total cost involved in its creation. The afforestation of land enhances the productiveness of the adjacent areas, and it was recommended by the Royal Commission as a means of promoting the development of small holdings. The Commission made the important observation that more than any other apparent remedy afforestation would stem the tide of rural depopulation.

Great Britain has neglected afforestation more than any other country. At the present time the area of woodlands in the United Kingdom is but one-tenth of an acre per head of the population, whereas in Germany and France the area of forests per head is five times greater.

The organization of agriculture would have to be assisted to a great extent by the State and the county authorities. Men will have to be trained for agriculture as for a trade or profession. State and county agricultural colleges on a sufficiently extensive scale to give the necessary education and training will

have to be created, and State and county farms for research and experiment will have to be provided. The Agricultural Department of a National Economic Council will be made responsible for securing the most productive and economical use of the land, and for the distribution of the produce to consumers in the most efficient way. The co-operation of the railway and road transport systems will have to be secured, and the enormous additions to the cost of distribution through the intervention of unnecessary middle men will have to be eliminated. The waste involved in the present chaotic and competitive way of distributing the food supplies is colossal. In the early morning half a dozen milk distributors can often be seen in the same street. The collection and transit of the milk supply is carried on in the same individualistic and wasteful manner. By organization through consumers' co-operative societies and the local authorities great economies could be effected which would ensure better remuneration for the producers and lower prices for the consumers.

The development of agriculture is a matter of urgent public importance from every point of view. There is first of all the primary obligation upon a community to develop to the utmost the possibilities of the land. The neglect to do this in the United Kingdom has led to the concentration of the population in large and unhealthy cities, to the physical deterioration of the people, to unemployment, to the annual loss of hundreds of millions of wealth, to the dependence of our population upon foreign supplies at the risk of starvation in case of war, to the unnecessary employment of labour in shipbuilding and

at the docks, labour which might be more usefully employed in growing food and timber at home.

So far I have dealt with the land problem in its agricultural aspect, but there is an urban and industrial as well as a rural side. I think I had better let Mr. Lloyd George describe the evils of urban landlordism. Speaking during his land campaign in 1909 he gave the following telling illustration of how the landlords levy their toll upon industry :

“Some of you may know the South Wales coal-field. Let me give you one or two figures which will show what is done there. You get, first of all, land in very rich agricultural soil where coal is discovered. The landlord leases the property to somebody who has the necessary enterprise and capital for purposes of development. Somebody else faces the risk of a loss and the landlord takes 6d. a ton in the way of royalties. What happens when you come to the surface? You must employ workmen for the purpose of carrying on your mining operations, and the workmen must have homes. So they start building, and the landlord then says, ‘Yes, certainly, by all means you may build, but you must pay a ground rent.’ There is land now leased in these valleys in South Wales which within living memory (it may be only a few years ago in some cases) produced only 1s. an acre, where the landlord is now getting £30 or £40 per acre per annum, simply for permission to build a few cottages upon it. They are able to build on lease, and in about sixty years the whole of this land will fall into the landlord’s hands.”

It is unnecessary to cite instances of the increment of land values due to industrial enterprise and the growth of population. Every observant person is familiar with such instances. Twelve years ago the district in which this chapter is being written was agricultural country, the land let at agricultural rents. There were no facilities for rapid communication with London. A tube railway was constructed, and before it was completed land agents erected small wooden offices and began to advertise "eligible sites for building purposes." To-day the whole of that district is covered with buildings, and some idea of the increased income of the ground landlord (in this case the Ecclesiastical Commissioners) may be gathered from the fact that the ground rent upon one house and small garden occupying but one-tenth of an acre is £12 a year.

To those who might be inclined to say that it was the capitalists who invested their money in the making of the tube railway who created the urban population in this rural area, I may reply that these capitalists did not make the population who are paying the increased land values, neither did they create the industries and occupations in London by which the population now residing in this district earns its living. What the capitalists did who made that railway was to exploit a public need in the anticipation of private profit. Further, there was no reason except the lack of communal organization, why this outlet for the congested population of London should have been left to private enterprise. A community alive to its obligations would have provided this and other facilities for the housing of the people.

Just one further illustration. Sir J. Tudor Walters, who is an eminent land valuer, in the course of a debate in the House of Commons on April 10, 1907, said with reference to Leicester, that he took the trouble some time ago to carefully collect figures from conveyances and documents as to the value of unbuilt-on land adjacent to houses, and he found that between 1872 and 1902 the value had increased to such an extent that the increase, if capitalized at 3 per cent., yielded a sum sufficient not only to pay the entire rates of the borough, but to leave a considerable sum of money for distribution among the ratepayers.

The urban land system is largely responsible for the serious housing situation. The more people a landlord can crowd on to an acre, the larger is the rent he is able to extort. The land being a commodity limited in supply, the less there is in the market the higher the value. Land urgently needed for industrial enterprise and housing is deliberately withheld from the market in order to force up the price of other sites. The writer was at one time a member of a municipal council. The land in that borough was mainly owned by one large landowner. The town had developed in one direction, obviously the least suitable direction. On inquiry from the agent of the landowner he was frankly informed that the land in the other direction was being deliberately kept out of the market until the less eligible district had been developed. "There would be no difficulty," said the agent, "in selling the more eligible land, but if we put that into the market first, we could not obtain the price we are now getting for the other."

A land system capable of such evils as these stands condemned. There is no possibility of dealing with the housing situation until the community is in full possession of the land to use and develop in the best possible way. The taxation of land values may be useful as an additional source of revenue to the State and the municipalities, but nothing short of the complete national ownership of the land will liberate the community from the terrible incubus of land monopoly. The landlord levies toll upon every commodity or service bought or used by the public. A not inconsiderable part of the capital of the railway companies is represented by exorbitant prices paid for land. Every ton of coal consumed pays its tribute of rent and royalty to the useless owner of the surface and the bowels of the earth. The hundreds of thousands of unemployed workmen who are shivering and starving in this hard winter are in no small degree the victims of the land system.

Land nationalization is the fundamental economic and social question.

## CHAPTER VI

### THE INSTRUMENT OF TAXATION

**D**URING the transition period from Capitalism to Socialism the use of the instrument of taxation can be very effective in lessening social evils and redressing social inequalities. The aim of the social reformer must be to prevent any part of the national product getting into the hands of those who have not earned it. Taxation has a special sphere of usefulness in helping to secure for communal use some part of monopoly wealth. It is with the use of taxation in this respect that we are concerned in this chapter.

Before the war every modern State was increasingly levying taxation for public welfare purposes which formerly were not regarded as coming within the functions of government. In 1875 the national expenditure upon education for England and Wales was £2,630,143. Forty years later it had risen to the sum of £20,234,000. Before 1908 nothing figured in the national expenditure for Old Age Pensions, Health Insurance, Labour Exchanges, etc., whereas seven years later a sum of £20,799,000 was provided by the Chancellor of the Exchequer for these purposes. For centuries the accepted theory of taxation has been that the State and local authorities were entitled to tax an individual up to the extent of his means to meet the necessities of the State and the local authorities. An interesting fact showing the

antiquity of the public claim on private property for public purposes is furnished by an Act of Parliament of the reign of Charles II, under which the "overseers of the poor may raise by taxation money to buy stocks, wares and stuff with which to set the poor to work, to relieve the poor and to apprentice the children, taxation being according to the ability and derived from the profits of stock-in-trade and of other property."

The principle upon which public taxation is based is that private property is a public trust and must be surrendered at the demands of the State. The additions to taxation and local rates which were being made annually before the war were not made because the ability of individuals to pay taxation had increased, but because more money was imperatively required to meet the demands of social reform. Socialists do not quarrel with the accepted theory of the right of the State to impose taxation up to the limit of an individual's capacity to pay, but they differ from the accepted practice of the past, which was that taxation was an evil to be reduced to a minimum, and they would deliberately tax rent, interest and profit in order to divert a part of the national product from individual use to social purposes.

Though the old theory of taxation that the State had the right to tax the profits and stock-in-trade and other property of individuals according to ability, and that there was no limit to its power except the extent of the sources of revenue and the needs of the State, was unimpeachable, in practice this principle was not applied in a fair and impartial way. Party and class interests have had much more to do with

the fixing of the incidence of taxation than any theory of justice. Chancellors of the Exchequer have shaped their Budgets so as to arouse the least opposition from those classes who were able to exert political influence. Before the enfranchisement of the working classes taxation was in the main levied in such a way as to relieve the rich and to oppress the poor. So recently as 1884 indirect taxation provided £46,700,000 of revenue, while Income Tax, House Duty and Land Tax contributed but £12,600,000. The great bulk of the revenue from indirect taxation is paid by the wage-earning classes, and is, as Mr. Gladstone put it, "a deduction by the State from a scanty store which is necessary to secure them a sufficiency not of the comforts of life but even of the prime necessities of clothing, shelter and fuel."

Since the enfranchisement of the working classes there has, however, been a gradual shifting of the incidence of taxation from the working classes to those with a greater ability to pay. Indirect taxation was a very convenient and effective way by which the rich could evade the payment of taxation. When taxes are levied on commodities by the Excise or Customs the tax passes into the price of the article, and the purchasers are unaware of the extent to which they are being taxed. It is doubtful if, to-day, many consumers of tobacco and liquor know that four-fifths of what they pay for these articles is a contribution to national taxation. Indirect taxation violates every sound principle of finance. It is not based upon a person's ability to pay, but upon his necessities. It is unfair in its incidence as between different persons with an equal ability. If it be admitted that taxation

should be in proportion to protection and benefit received from the State, the poorer classes have a just claim to be relieved wholly from the payment of taxes. The State has no right to tax an individual until it has provided the conditions of a humane and healthy existence. The first duty of the State should be to assure a decent standard of life for all its citizens, not merely in the interest of the individual, but in the general interests of the State. To secure that object taxation should be employed to equalize shares of the National Product.

Under the new social order taxation will be based upon ability to pay. No arbitrary point can be fixed at which ability to pay begins. In a progressive community the standard of life should be constantly rising, and therefore the point below which taxation should not be imposed will rise correspondingly. It may be stated, however, in general terms, that there is a surplus income available for taxation when sufficient is left to provide a man and his family with the necessities of life and a reasonable enjoyment of the amenities of life, provision for sickness, insurance, holidays and education. A large proportion of the working classes are not in receipt of incomes sufficient to provide these enumerated necessities, and, therefore, they possess no ability to pay taxation.

It is a very bad policy for the State to impose taxation which has the effect of hindering a rise in the standard of life of the poorer classes. It is undesirable, too, that taxation should interfere with the practice of reasonable thrift. Probably no class in the community feel the burden of taxation to be more onerous than the lower middle classes. They have

risen into a position where their reasonable desires exceed their means. It is no answer to the argument that the bulk of the poorer classes have no ability to pay taxation to point out that many of them spend a considerable part of their incomes on commodities which cannot be regarded as necessities. Where the income of a family, if wisely spent, would be barely sufficient to provide the ordinary necessities and decencies of life, the effect of mis-spending some part of it is to aggravate their poverty. It is no justification of the taxation of these people to argue that it is better for the State to take some part of the mis-spent money. What is needed is that these people should be educated to spend their money wisely.

Labour puts forward no claim for the complete exemption of the working classes from taxation. No doubt some of the better paid workers are in a position to make some small contribution to the national revenue, and it is desirable from many points of view that where such ability exists, it should be taxed. But the taxation to the utmost limit of the ability of the working classes would not provide any considerable sum for the national revenue, and it is to those who possess considerable ability that the Chancellor of the Exchequer of the future must look to provide his revenue. Though the aim of Labour is ultimately to absorb by taxation all unearned incomes, no Labour Government would be justified in levying taxation for penal purposes. Taxation can only be justified when the revenue derived thereby is spent by the State in a way which will confer greater social benefits than have been derived from the private expenditure of the income previously untaxed.

A Labour Government must be the relentless foe of extravagance in national administration. It must get full value for every pound which is spent upon national services. There is a great unearned increment of value in the national expenditure of money when it is wisely and economically used by the State or municipality. For instance, the communal expenditure upon education and public health gives an enormously greater return to the recipients of its benefits than they could possibly secure by the individual expenditure of the same amount. The first duty of a Labour Government would be to ruthlessly prune the Estimates of the various Departments, eliminating all expenditure which was not giving an adequate return. But there would be no reduction, but probably a considerable increase in the total national expenditure under a Labour Government. The increased expenditure would not be an increase upon the amount of money now spent by individuals, for the increased revenue would be devoted to providing services through communal organization which previously had been met expensively and inefficiently by individuals or private enterprise.

All the useful services of the State and local authorities are to-day being starved for the lack of funds. There is a vigorous agitation by selfish economists for the reduction of expenditure upon education and public health. No policy could be more shortsighted than this. No public expenditure is more necessary nor more remunerative than that upon education and public health. A reduction of expenditure upon these services will be dearly paid for by a lowering of the intelligence, physical health and in-

dustrial efficiency of the working classes. It would be well if there could be inscribed in letters of gold upon the walls of every Government spending Department the wise words of Solomon: "There is that scattereth and yet increaseth; there is that withholdeth more than is meet, but it tendeth to poverty."

Every local authority in the country is in financial difficulties. Rates are rising everywhere, and municipal enterprise is being retarded through the opposition of the ratepayers to shoulder heavier financial burdens. The municipalities have good cause to complain about their financial embarrassments, which are in a considerable measure due to the action of Parliament in placing upon them new duties, involving increased expenditure for services which are largely of a national character. No government can much longer evade dealing with the financial relations between the State and the municipalities, and when that task is undertaken it will be found that no solution is possible other than for the National Exchequer to shoulder the financial responsibility for many of the services which are now financed out of local taxation.

In addition to relieving the local authorities from the financial responsibility for services of a semi-national character they will have to be provided with new sources of revenue to meet the increasing cost of local services. Many municipalities which own productive enterprises have in the past derived considerable revenue from the profits, and this was devoted to the relief of the rates. The increase in the cost of materials, and higher wages necessitated by the increase in the cost of living, have dried up this former source of revenue. To use the profits of municipal

undertakings for the relief of rates is a policy which is open to grave objection. Profits are made out of charges made to the users of the municipal services, and the fact that profits are made shows that higher charges are imposed than are necessary. The users of these services when paying unnecessary charges are having a form of indirect taxation levied upon them. If all citizens use the municipal services such as gas, electricity and tramways in equal measures, and if all ratepayers contributed an equal amount, the making of profits would not be open to much objection, except on the ground that it was a round-about way of obtaining payment for the unremunerative public services. But the users of the municipal tramways, for instance, are in the main people whose ability to contribute to local expenditure is small, and the practice of charging in excess of the cost of the services in order to make a contribution to the rates from the profits, relieves the richer citizens at the expense of the poorer.

In order to secure a contribution to municipal expenditure from all citizens in proportion to their ability to pay, the attractive proposal of a local income tax has been put forward. The practical difficulties, however, in the way of making income the basis of contribution to local expenditure are insuperable. For instance, every railway line runs through a large number of local areas, and it would be impossible to apportion the railway company's total profits to the various local authorities. Many business concerns make their profits over an area comprising many authorities. The dividends of joint stock companies are widely distributed, and to tax the profits of such

companies for local purposes before distribution would upset the whole basis of the national income tax system. The present system of rating premises for local revenue has many anomalies and injustices, but so far as the rating of residential property is concerned, the result is to levy the rates approximately in proportion to ability to pay. The same is not true of the rating of business premises. Some businesses require larger premises than others for the same turnover, and are, therefore, penalized by a heavier contribution to the rates. A professional man, for instance, may be making a very large income though occupying premises of a low rateable value. The ideal to be aimed at in municipal rating is to exact from each citizen contributions based upon his ability to pay and upon the benefit he derives from municipal undertakings. Municipal rating should be reformed to this extent at least that industry should be relieved from the unfair proportion of the burden which it bears at present. The object of those who advocate a municipal income tax can be achieved by the extension of Grants-in-Aid of local services raised by the national income tax.

The difficulties of a local income tax apply in a measure to the taxation of land values for local revenue, though none of the difficulties of assessing a local income tax would be encountered in levying a tax upon land values. Land values are in the main, but not wholly, due to local causes. But no part of the country derives its sustenance wholly from within its own area. The enormous increment of value which has been given, for instance, to the Port of Liverpool has been contributed by the whole coun-

try. The country as a whole is entitled to a share in the unearned increment value of land, and some scheme will have to be devised by which it can be divided between the State and local authorities. The most practical and best way in which this can be done is by the State appropriating the economic rent of all sites and using the proceeds therefrom to augment the Grants-in-Aid to the local authorities.

We will turn once more to the problem of national finance. The most urgent of the problems in connexion with national finance is the reduction of the National Debt. The sum to be raised annually to pay the interest upon this Debt is about equal to twice the total national revenue in the year before the outbreak of war. So long as this burden of interest remains, any Chancellor of the Exchequer will be severely handicapped in raising revenue for the improvement and extension of public services which are not directly remunerative. The existence of this Debt is a monument to the criminal folly or cowardice of our statesmen. If the Government had had the courage in the early days of the war to levy higher taxation, this Debt would never have been contracted. The cowardice of the Government in not increasing taxation in the first years of the war left a vast spending power in private hands which was devoted to luxury and other forms of extravagance, and the system of borrowing inflated purchasing power and led to the increase in the cost of living, with the disastrous financial and commercial consequences which are now being revealed.

For the first two years of the war the profiteer was left untouched, and those who did not spend their

gains in riotous living invested them in Government loans and established themselves as a *rentier* class with a permanent claim upon a large proportion of the future wealth production of the country. When it was too late the Government began to talk about the possibility of recovering some part of the war-time profits by means of a special tax. It was disclosed in a return issued by the Board of Inland Revenue that the increase of war-time wealth in the possession of a comparatively small number of people amounted to £4,000,000,000. Some idea of the enormous profits made by exploiting the necessities of the nation in this time of crisis may be gathered from the fact that in the later years of the war the sum of £1,731,000,000 was taken in taxation in Excess Profits Duty and increased income tax.

The "hard-faced men who have done well out of the war," who now fill the House of Commons, resisted the proposal of the Government to levy a special tax upon the war-time wealth. It is now too late to carry out such a plan, though every honest person will be reluctant to abandon the idea of making these people disgorge their ill-gotten gains.

Some bold and effective plan for reducing the National Debt is an imperative necessity, and a proposal for a special capital levy for that purpose is the only suggestion for achieving that object. The proposal for a capital levy is not put forward as a part of the permanent fiscal system of the country, but as a special plan to deal with an exceptional situation. As part of the permanent fiscal system of the country a capital levy would be undesirable and impossible. A capital levy, if repeatedly imposed,

would be self-destructive. It would ultimately drain the resources from which revenue must be derived. It would discourage saving and the accumulation of capital, and it would keep the commercial world in a state of uncertainty, would prevent the investment of capital in business, and would be ruinous to trade and industry.

These objections are fatal to a capital levy as a part of the permanent taxation system. But they have no force as applied to a capital levy imposed once and for all for the purpose of reducing the National Debt. The reduction of the National Debt by either repudiation or capital levy is the only alternative to the continuance of the intolerable burden of an annual charge of nearly £400,000,000 for interest upon the Debt. The repudiation suggestion is out of the question. It would be unfair and immoral to penalize by confiscation those who have put their money into a particular form of investment. A capital levy is not the confiscation of property any more than is an income tax ranging from 6s. to 10s. in the pound. A capital levy is advocated for this special purpose because it will be in the long run cheaper for the taxpayers than continuing to pay £400,000,000 a year interest upon the Debt. If the Debt remains until it is extinguished by the slow process of a sinking fund, the taxpayers will pay the total amount of the Debt in interest several times over. During the nineteenth century the amount of interest paid upon the Napoleonic War Debt was four times the amount of the original Debt, and at the outbreak of the Great War the Debt still remained only slightly diminished.

Another important reason for an early reduction of

the National Debt is that the great bulk of the Debt was contracted with money at its present depreciated value. Should the value of money rise in the future, as it very probably will, the State will have to repay the bondholders in a currency considerably appreciated beyond its value at the time the Debt was incurred.

There is no need for those who advocate a capital levy to prove that it is a practical proposal. This has been admitted by the Board of Inland Revenue, who would be the authority responsible for levying and collecting such a tax. In their Memorandum on the Taxation of War-time Increases of Wealth they admit the practicability of such a tax. The difficulties of assessing and collecting a capital levy would be much less than those involved in such a scheme as was suggested by the Board of Inland Revenue. In that case two assessments would have been necessary, one of an individual's wealth at the outbreak of war, and another of his wealth at a later period.

The difficulties in the way of collecting a capital levy have been greatly minimized by the existence of so much nominal wealth in the form of war bonds. The assessment for a capital levy would follow the method of assessment for Estate Duty. The levy would be paid by the surrender of war bonds and other script, from reserves, or it could be left as a debt to the State, interest being paid upon it. Without troubling the reader with a mass of figures and details, it may be stated that competent authorities estimate that an average levy of 14 per cent. on capital wealth would realize a sum of £3,000,000,000.

A capital levy would not pay off the whole of the

National Debt, and other steps would have to be taken for its rapid extinction. By a capital levy which realized the sum stated, a saving of taxation to the amount of £150,000,000 a year would be effected, and if it were thought desirable, and it would certainly be sound financial policy to do so, this saving might be employed, not to relieve taxation, but to provide a sinking fund for the further reduction of the Debt.

In view of the certain increase of the demands of public services there is little prospect of reducing the total of national expenditure, though there is urgent need, as has already been pointed out, for a drastic revision and for the stopping of expenditure upon wasteful and unremunerative purposes. When the promises of statesmen given to gain the support of the country for the prosecution of the war to a successful military conclusion, namely, the abolition of militarism, and therefore of armaments, have matured, there will be a saving upon the present national taxation of Great Britain of £230,000,000. The increasing demands for public education, public health, housing and great reconstruction schemes such as afforestation, roads and electrical power development (schemes which will not immediately become remunerative) are likely to absorb any saving which may be effected by the elimination of useless or unnecessary expenditure.

Though we cannot look forward with much hope to a reduction of the total of national taxation, a drastic revision of taxes, and a shifting of their incidence from those on whom particular taxes press heavily to-day to those with a greater ability to bear taxation, is very urgent. For the year 1920-21 the estimated yield of indirect taxation is £348,000,000. The bulk

of this is raised from duties upon liquor and tobacco, a sum of £53,000,000 is raised from duties upon tea, cocoa, coffee, sugar and dried fruits. Four-fifths of the indirect taxation is paid by the wage-earning classes, and the fact is, therefore, that a sum of over £42,000,000 a year is being paid by the working classes in duties upon commodities which are necessities of life. The abolition of the breakfast-table taxes was an ideal of progressive politicians in pre-war days, and not even the financial embarrassment caused by war expenditure must stand in the way of giving this much-needed relief to a class upon whom this burden falls with great weight.

The amount of revenue received from indirect taxation does not fully represent the sum taken out of the pockets of the taxpayers, for these duties are paid when the commodities are taken from bond. The duty passes into the cost of the articles, and traders' profits are added to the duties through all the stages before they reach the consumers.

The duties upon liquor and tobacco stand in a different category, and relief from those duties must be found, not by the reduction or abolition of the duties, but by the education of the people in the lessened consumption of these commodities.

The income tax will be the source of revenue upon which a Chancellor of the Exchequer must mainly rely. Recent reforms in the assessment of this tax have removed or lessened some of the hardships formerly felt by people with incomes in the lower ranges. Allowances for wives and children and dependants are steps in the right direction, though something more remains to be done on these lines

before all hardship upon married men with families is removed. The point at which income tax should be paid can never be permanently fixed, because circumstances which might at one time justify a particular limit might change and make a reduction of the limit necessary or justifiable. This matter must be settled on the broad principle already laid down, that ability to pay exists only when the individual has an income sufficient to meet his personal obligations and to afford the means for a progressive advance of a reasonable standard of life. With the cost of living what it is to-day it may be accepted (assuming that the food taxes have been abolished) that the present income tax limit is not unreasonable, though more relief may be given to single persons who can prove that they have exceptional personal obligations, such as the support of a widowed mother or younger members of the family.

Remembering that one of the aims of Labour is to secure unearned incomes for communal benefit, it follows that the taxation of large incomes will be heavier in the New State than at present. There can be no doubt about the ability of people with large incomes to bear a much heavier income tax, and nothing but good could come to the community from the imposition of heavier taxation upon such people. A person, for instance, with an income of £10,000 a year now pays £4,328 in income tax, leaving a sum of £5,672 for that person's personal use. In the case of an income of £150,000 a year enjoyed by a married couple, which is wholly from investment, the tax is £87,611. The amount of tax in each of these cases is admittedly high, but so is the sum which is left

after the tax has been paid. It cannot be seriously maintained that a single person or a married couple with a net income of £5,672 or £62,389 respectively have no further ability to contribute to the national revenue. On the contrary, it is good neither for the individual nor for the community that there should be individuals possessing such enormous spending power. Such incomes cannot be spent usefully. The possession of such a spending power is a constant temptation to indulgence in anti-social luxury and vice, and, apart from the fact that the State needs this money for social reform, the reduction of such excessive spending power by individuals will tend to reduce or abolish useless employment, and to free for useful and productive work the vast number of parasites and lackeys now living on the expenditure of the rich.

Pursuing the aim of effecting a more equitable distribution of wealth, the Chancellor of the Exchequer of a Government which is trying to rebuild the new world will turn his attention to the question of inheritance. The estate duties are a recognition of the claim of the State to a portion of the property of an individual passing at his death. Fortunes have been accumulated under the protection of the laws. The State is a silent but helpful partner in the acquisition of wealth. It takes some part of its share in income tax during the lifetime of the individual, and by the estate duties puts in a further claim for its share of the wealth at death. The estate duties have been employed insufficiently to raise national revenue. The expected yields of these duties for the year 1920-21 is £45,000,000. The rates of estate duty rise from

6 per cent. on estates between £15,000 and £20,000 by a graduated scale to 40 per cent. on estates of over £2,000,000. Up to 1919 the maximum rate of estate duty was 20 per cent. applicable to estates of over £1,000,000. By the Budget of that year the duties on estates of £100,000 and over were raised by from 50 per cent. to 100 per cent. It was estimated that these alterations would produce in a full year a sum of £10,000,000. The total yield for the year 1919-20 is estimated to be £45,000,000. The gross value of estates assessed to duty during that year is not yet known, but on the figures of previous years it will probably be about £350,000,000. The comparatively small increase of £10,000,000 from such a considerable increase of the rates upon the largest estates is due to the fact that the total value of these is only a small proportion of the aggregate sum passing at death. To obtain a considerable yield from the estate duties the rates will have to be considerably raised on estates above £100,000.

The value of the last addition made to the rates on estate duties is not so much in the additional yield of revenue as in the fact that it is a further recognition of the principle that the community has a right to take as much as it needs of the property of a person who is no longer able to use it.

The question of the limitation or abolition of inheritance is much more than an economic problem. Great social consequences are involved in the right of inheritance. The abolition of the law of inheritance would limit the power of wealth to the lifetime of the individual who possessed it. The right to dispose of property is the right of the dead to continue to rule

the living. The only just claim that a democratic State can recognize to the possession of wealth is that the wealth has been created by the self-effort of the possessor. Inheritance creates an idle class who are able to live, not on the accumulation of their ancestors, but by the exercise of a legal right to appropriate the product of contemporary labour.

Inheritance is opposed to the principle on which every democratic State should be founded, namely, that every able-bodied adult must maintain himself by his own labour. The law of inheritance gives the right to dispose of wealth according to the whim of the testator. A man is not compelled by law to make provision for his widow and family, and that legal fact destroys the force of the argument that inheritance is just because a man's family are entitled to his property. In advocating the drastic limitation or abolition of inheritance, the desirability of a man making reasonable provision for his widow and the education of his children is recognized. But there is all the difference in the world between this and the right to leave a family, the members of which are quite able to work for themselves, in a position to spend idle and useless lives living upon the labour of others. Whatever force there might be under the present social system, in the contention that a man should be allowed to make provision for his family after his death, there would be no force in the contention in a social order where every able-bodied person was guaranteed against privation and provided with the opportunity to work.

It may be reasonably argued that the abolition of inheritance would deter men from working hard and

making the best of their opportunities. But there is really not much force in this argument, for men work, not so much to enable their families to do without work, as because of the joy they derive from activity, adventure, enterprise, surmounting difficulties, and the honour which comes with success. Indeed, some of the largest fortunes have been accumulated by men who had neither wives nor families to which they could leave them. They made money because they could not help it. There will be plenty of opportunity in the New Social Order for the exercise of the initiative and enterprise of such men, and they will gain the same measure of satisfaction in achievement though the results go more to the community and less to themselves.

The abolition of inheritance will have a far-reaching influence in eliminating class distinctions based on wealth. The effect of the estate duties and of the higher income tax has already wrought a great change in this respect, not in the way of eliminating rich and poor, but in the direction of changing the personnel of the rich. It is no social advantage to destroy the old squirearchy and to put in its place the *nouveaux riches*. The old British landed aristocracy are gradually becoming the new poor, while war profiteers and successful soap boilers, and brewers and oil kings are taking their places. The abolition of the law of inheritance, accompanied by the heavier income tax which has already been advocated, would prevent this social change.

The abolition of inheritance is one means by which the public ownership of land and capital may be achieved. The property left at death in the form of

land and industrial capital can be appropriated by the State, which by this means would in a generation become possessed of the greater part of the land and industrial capital of the country. The abolition of inheritance, with such limitation as has been mentioned (that is, a reasonable provision for immediate dependants) is not confiscation. It is the assertion of the undoubted right of the community to protect itself against wealth being enjoyed and used as an instrument of exploitation by those who have not earned it.

No scheme of national financial reform can be effectively carried through without the nationalization of the banking institutions. If private interests control finance other schemes of nationalization will be largely at their mercy. The war-time experience of borrowing conveys a severe lesson of the power of private financial interests to exploit public necessities. The rate of interest on public borrowings has been raised from about 3 per cent. to 7 per cent., and a considerable part of the National Debt is represented by the inflation of credit. The banking business of Great Britain is rapidly evolving into a great monopoly. Private banks have disappeared, and five great banks now control the great bulk of the banking business of the country. Since July, 1918, the "Big Five" have absorbed twenty-one joint stock and private banks. This Money Trust, together with the Bank of England, which is at the same time a private concern and a semi-public institution, fix the bank rate and the rate of discount for Treasury bills, which in their turn determine the price of money to traders and other borrowers. The nationalization of the banking system would effect economies of administration; it

would give greater security to depositors; it would secure for the State the enormous profits now made by the joint stock banks; and it would give to the State more effective control over the regulation of prices.

Hardly less influential in the realm of finance are the great insurance corporations. This is a business eminently suitable for State management. The risks are well covered and the profits are colossal. Now that the State is giving more attention to matters of public health, it is, apart from the financial considerations, important that the business of life assurance should be under State ownership and control. That branch of life assurances patronized by the working classes is notoriously extravagant. Only the powerful influence of the big industrial insurance companies has prevented Parliament from dealing with a state of things which constitute a grave public scandal.

The conclusions of this chapter on the place of finance in social reconstruction may be summarized as follows :

The instrument of taxation must be deliberately used for the purpose of effecting a better distribution of wealth. Such better distribution must be effected by the taxation to extinction of unearned incomes. But such taxation must be accompanied by other reforms which will make adequate provision for the young, the infirm, the aged, and for the suitable employment of the able-bodied.

Taxation in the New Social Order will be based upon ability to pay, and a liberal minimum of income will be free from taxation.

Taxation upon the necessities of life will be

abolished, and tariffs for revenue will be relegated to the limbo of rejected economic fallacies.

The financial relations between the local authorities and the State will be placed upon a just basis, the State accepting financial responsibility for services of a national character delegated to the local authorities.

The National Debt will be redeemed by the employment of a capital levy and by applying the saving of interest to further redemption.

Minor reforms of the income tax will be carried through by which the exemption limit will correspond to the cost of maintaining a reasonable standard of life.

The right of inheritance will be strictly limited, the proceeds of Death Duties being divided between national revenue and the extension of national ownership of land and industrial capital.

The great financial corporations, like banking and insurance, will be nationalized, thereby giving the State complete control over national finance and the rates of interest and monetary matters generally.

Though these financial reforms would not completely establish the New World Order, they would go far to securing socially created wealth for the community. They would be great steps towards the social regeneration of the people, and towards the goal of a Social Order in which wealth production and distribution would be the organized business of a democratic society.

## CHAPTER VII

### THE ORGANIZATION OF INDUSTRY

**T**HE organization and management of publicly owned concerns is admittedly a matter which presents many difficulties; but difficulties which are not greater than those involved in the problem of political democracy. The consideration of the question of political and industrial democracy raises the issue of the meaning of Democracy. Democracy has been made into a fetish, and there is no other idol which is generally worshipped to-day about the attributes and qualities of which there is so much ignorance and difference of opinion.

The meaning generally attached to Democracy is that matters which are of common interest and concern should be controlled by the whole body of those concerned. Or, put in another way, that all who are under an obligation to obey laws, or who have to submit to conditions, should have an equal voice in determining those laws and conditions. Stated in this form the argument for Democracy is unanswerable. It is when we come to consider the means by which democratic power can be organized and expressed that we meet with difficulties, and are forced to admit that there are limitations to the equal exercise of individual power if what must be admitted to be the aim of all government is to be attained, namely,

efficiency of government and the largest measure of general well-being.

Modern industry is based upon the differentiation of functions, or the sub-division of labour. The greatest economic results are secured by the special training of individuals for a particular kind of work. This differentiation of function is not confined to the mechanical and organizing side of material production and distribution. If any kind of work is to be done efficiently it is essential that those who have to perform it must be trained and educated for the work. It follows, therefore, from this special training and education, and to which experience of functional work is added, that the only persons fully qualified to discharge special functions are those who possess this training and experience. This necessity for special knowledge, training and experience sets a limit to the functions of Democracy in the sense in which that word is popularly used and understood. To apply in practice the principle that every individual affected by laws and conditions must take an equal part in determining the laws and conditions is to abandon the principle and advantage of the sub-division of functions and work.

There are few questions, although they are important, to which the principle of direct control can be advantageously applied. Some political questions are of a character which can be decided by the popular vote, questions involving some general principle upon which, roughly speaking, every elector is equally qualified to give a decision. As industry and society become more complex the difficulty of deciding the issues which are raised by industrial and social organ-

ization increases, and while giving a lip worship to popular democracy, we have been compelled to delegate the solution of the questions raised to bodies of men chosen because they are supposed to possess special qualifications for dealing with these problems. Democracy can never get away from government by a real aristocracy, that is, government by persons gifted, trained and experienced in the work of administration.

But admitting that, there still remains a very important function for the popular franchise. Efficiency is not the only goal at which we should aim. Government by an aristocracy, inspired by altruistic motives, would give the community a high degree of efficiency, but not necessarily the largest measure of social well-being. The true aim of government should be to develop in every citizen not merely those qualities which will enable him to get the greatest real enjoyment out of life, but capacity to contribute to the general welfare. The true function of the popular franchise is to secure co-operation of all citizens towards that end. The chief justification of political democracy is its educative effect upon those who have the power to exercise the franchise. That is the ground of the claim that good government is no substitute for self-government.

Political democracy is, and always must be, limited to a general supervision and control of those elected to represent the people in legislative and administrative positions. This is not at all a mean or unimportant function, and it will grow in importance as the electorate becomes more educated and realizes more fully its duties and responsibilities, and this general supervision and control of government and

governors will absorb the time and energies of the electorate which can be spared from their work and other matters of intimate personal concern.

These brief observations upon the nature and functions and limitations of democracy are a prelude to the consideration of the important question of the application of the democratic principle to the organization and control of industry. If it be granted that in political matters all who are affected are entitled to be the final court of appeal on laws and conditions, the same right of control in industrial matters which so intimately concern the workers must be conceded. The argument has been advanced that there is a vital difference between political and industrial matters which vitiates the claim for equal measures of democratic control in each sphere.

It is contended that the educative results which come from the exercise of political power cannot be conferred by democratic control of industry, and that the nature of industry renders it less possible for any effective measure of democratic control being exercised. The first of these contentions seems to me to be quite unsound. On the contrary, the educative effect of giving to the workman control over his working conditions, more responsibility for his work and a share in the management of the industry would have great beneficial results, both upon the workman himself and upon the efficiency and social value of the industry. The psychological or spiritual effect would be of enormous individual and social value. It would raise the status of the workmen. It would add to their interest in their work. It would eliminate antagonism between the workmen and the management. It would

create a more friendly atmosphere. It would substitute co-operation in all the processes of production for competition and antagonism which prevail when the workman is regarded by the employer in the same way as he looks upon his machinery, and when the workman regards himself as merely an object for exploitation. The intelligent workman is in revolt to-day against a system which regards him merely as a cog in the industrial machine. He rebels against an industrial system which condemns him to do the work he is told to do, and to do it in the way in which he is told without being permitted to employ his own initiative and without his co-operation being invited.

This new spirit which is animating the intelligent workman to-day is magnificently expressed in a memorandum issued by the London District Council of Building Trade Operatives. This memorandum, setting forth the meaning of the Building Guild, says :

“In industry those who work with their heads and those who work with their hands co-operate to produce the things which all of us need. If conflict and disunion take the place of co-operation, wealth production is hindered and everything the community requires is rendered less abundant and more costly. To secure this harmony of interest is the master problem of the modern industrial State. Our Guild challenges the industrial traditions of a century and makes its appeal solely to the best instincts and creative impulses of man. The soul of the Movement is that it seeks to give service rather than to get it. It will summon to

its aid the very best ability and talent that our industry can offer."

This enthusiastic faith in the possibility of changing the motive in industry by giving the workman a control over his own labour is the answer to those who contend that the democratic control of industry would have no spiritual effect. It is not necessary, any more than it is in political democracy, that every workman should take an equal share in the control of industry to ensure a large measure of good from the recognition of the principle. The mere conferment of the right of industrial control would work a transformation in the mental and psychological attitude of the workmen. The limitations of industrial democracy are neither greater nor less than those of political democracy, though the exercise of democratic control in industry will be confined within a narrower sphere than that of political democracy.

The chief danger of industrial democracy is that it may become the predominant interest of the workmen, and may overshadow their interest in political democracy. This danger is appreciated by some of the Guild Socialists, although much of their writings have given the impression that they exalted the importance of mere production and placed it in a position co-equal, if not superior to the social organization for the satisfaction of the individual's every need. Production is not an end in itself. It is merely a means to the satisfaction of man's varied requirements and needs which go to make up the fully developed individual life in a civilized community. I do not mean that production will not be a very important function

in any social order. The organization of production will be of great importance in a Socialist State for many reasons. The amount of leisure, the volume of the resources of the community available for individual and communal enjoyment will be dependent upon the efficiency and economical organization of production. But men do not live to produce. They produce only to consume. If their whole time and activity were devoted to production they would not live at all. My point is that the aim of men should be to reduce the time and effort required to produce all the things necessary for a full human and civilized life to the lowest minimum. I am in this connexion referring only to the common needs which can be supplied by the mechanical processes by intensive methods. That there is a joy in creative work goes without saying, and when the time necessary for staple production is confined within narrow limits, I imagine that much of the individual's leisure will be employed in productive work of an artistic and literary and social character which will be outside organized production.

I protest against the idea that human life should be sacrificed to the production of wealth. It would be a fatal thing if the democratic control of industry led to the minds and efforts of all workmen being too much devoted to the organization of production. But the democratic control of industry does not necessarily involve that. Just as in political democracy the electorate, while exercising a general control over their elected representatives, leave the details of legislation and administration to representatives supposed to be qualified for the work, so industrial democracy would leave the mechanical part of production, including

both the technical organization of the workshop and distribution, to be managed by experts who would relieve both the workmen and the community from too much concern about these matters.

I cannot imagine that every workman will want to take a direct and active part in the management of the business in which he is employed. If he were expected to do so, or if he could be compelled to do so, it would lessen his interest in, and lessen his leisure for matters of far greater importance. But this must not be understood as implying that the workman should be content to be the mechanical drudge he is to-day, having no control whatever over the business in which he is employed, or even denied to the full the opportunity to take as active a share as he desires in the control of the conditions of his employment. But it is very likely with human nature as it is, and as it is always likely to be in this respect, that if the workmen are given a general control through their elected representatives of the conditions of the workshop and of their remuneration, they will have little desire to be bothered too much about managing the industry, and they will find a more congenial sphere for their aspirations and interests in a wider field of enjoyment outside the workshop. In short, the individual lives not to produce but to consume, and it is as a consumer in the widest sense of that word that he will realize his individuality and enjoy his freedom.

The demand for the democratic control of industry is not new. In one form or another this idea finds expression in the works of the early Socialist writers and teachers, and particularly in those of Robert

Owen and Fourier. The rather fantastic scheme of the organization of the people in small communities, self-supporting and self-contained, propounded by Fourier, and Robert Owen's attempt to establish colonies and his support of the voluntary Co-operative Movement, were prompted by that same fear of the tyranny of the State which opponents of Nationalization and Socialism entertain. The Co-operative Movement which, not only in Great Britain but on the Continent, has grown to be such a colossal trading concern, was started by disciples of Robert Owen, and it has always had for its declared aim the establishment of a state of society where the workers would own the tools of their trade and share in the control and management of the industry. This ideal has been the self-governing workshop and the self-governing community.

The Anarchist Communists, the most distinguished of whom, Prince Kropotkin, has just died, aim at production in common and free consumption of the products of the common labour. Syndicalism, too, aimed at the control of production by the workers in the various industries, that is, that the railways should be managed by the railway workers, the mines by the miners, the post office by the postal servants, and so on with regard to other industries and services. Syndicalism, which achieved considerable notoriety some fifteen years ago, has fallen into the background, and there is now no organization in any country definitely advocating syndicalist ideas. The demand for the control of industry by the workers has during the last hundred years taken many forms, and the persistence of the idea is proof of the deep-rooted

determination of the intelligent workers not to be content with an industrial system which keeps them in a condition of virtual servitude.

The practical problem of industrial democracy is to combine the interests of the consumers, that is the whole body of citizens, with the largest measure of democratic control by those who are employed in particular industries. The danger to the community of placing the complete control of particular industries in the hands of the workers employed therein is fairly obvious. The production of commodities is not merely the business of those engaged in the work of producing them, but of the whole community. When the State owns the instruments of production it cannot abrogate its rights of control to any body of workmen. Industrial democracy and political democracy are not functions to be exercised by different bodies of people, but the differentiation of functions exercised by the same people. The success of industrial democracy will be determined by the extent to which it is influenced by the social consciousness of those who control industry. The danger to be averted is the development of a selfish class interest within the self-governing industrial groups. If the control of an industry were left entirely to those who are employed in it, it is very likely that a group interest would be created which would be anti-social. Such uncontrolled groups would be under the temptation to exploit the public for their own gain, and a conflict of interests between the different groups might easily arise. Such groups might become very powerful and might be able to exercise a political power which would be a great danger to the State. The important thing is to im-

pose safeguards which will prevent the group interest from becoming predominant and overshadowing the interest of the members of the group in the wider questions of citizenship.

Though this is a danger to be noted and to be safeguarded, experience hardly justifies us in regarding it as very menacing in a system of democratic control of industry. For it is a very remarkable fact that even Trade Unionists intuitively draw a clear distinction between their interests as workmen and as citizens, and do not to any great extent allow their industrial interests to determine their political votes.

In any scheme of workers' control the interests of the consumers or citizens will have to be predominant. A scheme propounded by the Miners' Federation of Great Britain for the establishment of a democratic system of administration of the mines, with public ownership and control, provides a rough model for the democratic control of industry. Shortly stated, these provisions are as follows :

1. That all collieries and mines and their adjuncts, together with all associated properties, by-products, plants, vessels and railway rolling-stock and houses, all miners (except certain expressly excepted) and all rights necessary to the working of mines, should be transferred to a Mining Council to be set up under the Act, and should be held by it on behalf of the State.
2. That this Mining Council shall consist of a President, who shall be a Minister responsible to Parliament, and of twenty persons appointed for five years, of whom ten shall be appointed by the Government and ten by the Miners' Federation.

3. That the Mining Council shall divide the country into districts, and shall in each district appoint a District Mining Council of ten members, sitting for three years, half of whom will be chosen by the Miners' Federation, and shall delegate to the District Mining Council such powers as they think fit.

4. That, subject to the approval of the Mining Council, the District Mining Council shall have power to appoint pit committees for each mine or group of mines, which shall consist of ten members sitting for one year, and which shall exercise such powers as are delegated to them.

5. That a Fuel Consumers' Council shall be appointed to represent the interests of consumers and to advise the National Mining Council.

6. That it shall be the duty of the National Mining Council to ensure that there is a sufficient supply of fuel at reasonable prices, and that for this purpose it may distribute coal, or arrange with Local Authorities for its distribution.

The precise details in regard to the constitution of the various controlling bodies, and the amount of representation accorded to the various interests, would be a matter of arrangement; but in order to avoid the possibility of an industry becoming a corporation worked in the interests of the producers the predominance of the representatives of the consumers would have to be secured.

This scheme for the public ownership and control of the mining industry is intended to be put into effect and to operate when other industries are still under private ownership and capitalist control. The organ-

ization will, therefore, necessarily differ in detail from the plan of organization and control which would be more appropriate under a system where industry was wholly under public ownership and management.

The scheme of the Miners' Federation proposed that the President of the Mining Council shall be a Minister responsible to Parliament. This appears to contemplate the control of the mines being placed under the supreme control of a Government Department, with the delegation of certain powers to the Mining Council, the District Mining Councils and Pit Committees, until all the principal industries have been acquired by the State. Such an arrangement as this seems to be unavoidable during the transition period, but when the number of such publicly owned and controlled industries have become sufficiently numerous some national body will be essential to co-ordinate the different industries and to relieve Parliament from the onerous work of intimate supervision and control. The final responsibility for the efficiency of these enterprises must always rest upon Parliament as the body representing the interests of the citizens. But the authority exercised by Parliament will be analogous to that exercised to-day by a body of shareholders who are content to leave the management of a concern in which their capital is invested to the directors so long as the results of the management are satisfactory, interfering only when it becomes obvious that there is laxity or inefficiency in the management.

Important changes in the construction of Trade Unionism will be necessary before these organizations are properly equipped for the control of industry. Trade Unions are at present organized for the purpose

of fighting the capitalists, and not for the purpose of seeking the control of industry with a view to the management of it by the workers. The fight of the workers against the capitalists has developed in them certain qualities which will have to be eradicated before they are fitted to control production from the point of view of a social duty. Workmen to-day are in antagonism to production, and Trade Union rules and regulations have been framed largely on the idea that a limitation of output is to the advantage of the workmen. If the democratic control of industry is to be successful these ideas will have to be abandoned, and the workers will have to realize that anything which tends to limit the maximum output is detrimental both to the workers immediately concerned and to the community generally.

The problem of production cannot be dissociated from that of distribution. These two aspects of the problem are quite well understood by the Trade Unions, and their rules and regulations have, in fact, been based upon the idea that by controlling production they influence distribution. The most potent of the influences which prevent the workers from heartily co-operating in securing the maximum output is the fear of unemployment. If the assurance of permanent employment were given the whole outlook of labour on the question of production would be changed. We have the pathetic spectacle to-day of an urgent need for hundreds of thousands of new houses, and a vast number of unemployed whose labour might be utilized for the provision of these houses. But the Building Trade Unions are unwilling to permit the dilution of their trades by the admission of outside labour

through fear that it will ultimately have disastrous results upon the interests of the craft. The workers in the building trade have had a long and painful experience of the evil of unemployment, and from their point of view they are quite justified in resisting innovations which are likely to aggravate that evil in the future.

But the solution of this problem is not at all difficult. If the guarantee could be given that the State would accept the responsibility for the provision of work or maintenance, without the degradation of status and conditions, the whole difficulty would be removed. What applies to the building trade applies in a measure to every other industry. Trade Union organization in the capitalist system must be concerned mainly with safeguarding the interests of the workers against the evils and the results of that system. When the capitalist system has been superseded by one in which the motive of production is not profit-making, but the production of commodities for social consumption, the whole purpose and motive of Trade Unionism will be changed. Trade Unions will become co-operators in the work of production instead of being in antagonism to it.

Industrial control will necessitate a change in the constitution of the Trade Unions. It is very likely that their voluntary character will disappear. Indeed, that has already taken place in many of the great industries, and membership of a Trade Union is now compulsory upon every workman. If the Trade Unions are to be the bodies representing the workers under a system of industrial democracy, every workman employed in the industry will have to enjoy the

equal franchise. This organization will embrace the whole body of workers, manual and technical, employed in the industry. The organization will be that of the workshop, rather than the craft, for the purpose of industrial control, though the craft unions, it is hoped, will continue to exist for the purpose of stimulating the pride of craftsmanship. The craft unions will not be concerned with the general problems of workers' control, but with matters appertaining to their own particular work. The general organization of the workers will be concerned with the direction and control of matters of common interest to all those employed in the workshop or industry.

The Workshop Committees elected by the whole body of workers, and which would be representative of all grades, will be concerned with matters of internal management. Upon this body will be placed the responsibility for the efficient organization of production, and the District Council, which will be responsible to the National Economic Council, will no doubt concede a considerable freedom of initiative and organization to the Workshop Committees, and will interfere with the internal organization of the workshops only with suggestions from its experience of management over a wider area, and will only enforce its authority when the workshop fails obviously from inefficiency to produce its maximum output. The fixing of the hours of labour and rates of remuneration are matters which can hardly be left to the decision of either the Workshop Committees or the District Councils. It would obviously give rise to dissatisfaction if hours and wages were more favourable in some workshops than in others engaged in the same trade.

But reliance could not be placed solely upon the altruistic motive of social service to secure the maximum output and the most efficient service. That motive would have to be supplemented by the prospect of special remuneration for exceptional efficiency and industry, and that motive could be satisfied by a system of bonus where the output exceeded the amount fixed as the workshop's contribution to the whole volume of production.

The functions of the District Council would be important. These bodies would be constituted from representatives of the workshops and trades within the area, together with representatives of the consumers, and it might be an advantage to have upon each District Council a representative of the National Economic Council. It would be the duty of these District Councils to copy the methods of the Capitalist Trust in the way of concentrating factories and workshops in those places most favourable for economical production, and to eliminate the factories and workshops which were outside or only just within the economic circle.

The National Economic Council would be the body responsible for the co-ordination of national production, and for seeing that the estimated requirements of the whole community were met. It would be the duty of this body to estimate the volume of commodities needed by the community for a defined period, to purchase the necessary raw materials, to distribute them through the District Councils to the workshops and factories. The Agricultural Committee of the National Economic Council would estimate the full requirements of the community and would organize

the necessary production. The National Economic Council would have semi-legislative powers in such matters as hours of labour, rates of remuneration, and what we call to-day factory and workshop legislation. These are really administrative and not legislative matters. It seems desirable that this body should be constituted of members elected by the District Councils because such persons would be men or women thoroughly conversant with industrial organization down to the simple unit of the workshop. On the National Council the consumers should be adequately represented, and representatives of the political State should be included.

There are two arguments of weight against direct election to the National Economic Council by a national popular election. The first is that the work of the National Economic Council would be mainly administrative, and it would be important, therefore, that men of training and experience should be appointed to this body, and a popular election would give no assurance that men of that class would secure election. The second argument is that it is undesirable to multiply the number of national elections, for if such elections are held frequently, popular interest in them declines, and if a national election for the Economic Council were held, and there was a widespread public interest in it, the body would assume an importance equal to that of the national Parliament, a thing which for reasons already stated is not desirable.

Proposals have been made that this National Economic Council should be an Industrial Parliament with full legislative powers on all industrial and economic questions. Some advocates of this proposal

suggest that this Industrial Parliament should be a body independent of the Political Parliament, while others propose that it should be subordinate to the Political Parliament in the way in which the House of Commons is subordinate to the House of Lords to-day, in the sense that the latter body has the power of veto on the legislation of the former. These proposals seem to me to be quite impractical. In the first place it is impossible to strictly define what are industrial and economic questions. Political and economic questions overlap, as, for instance, in the sphere of foreign policy, which largely determines national economic questions. Conflicts would constantly arise between the Industrial and Political Parliaments on charges that the one body was encroaching on the functions of the other. Experience of two-chamber Government shows that each body is jealous of its rights and prestige and is constantly seeking to magnify its own dignity and importance. In a community where everybody was a worker of one sort or another the franchise for the Industrial Parliament would be practically the same as that for the Political Parliament, and the Industrial Parliament would therefore be on very strong ground in asserting its claim to be of equal authority and standing with the Political Parliament. The practical and smooth working of a Government necessitates the existence of one supreme Parliament, and that must be the Parliament representing the political State. Production and industry, as I have previously pointed out, important as this is, must be subordinate to the interests of the community, organized as consumers or users in the widest sense of these terms.

I see no reason, therefore, for the creation of an Industrial Parliament with full legislative powers on industrial and economic questions. It is most important to relieve the Political Parliament from having to devote so much time to purely industrial matters, and this relief could be obtained by conferring upon the National Economic Council administrative powers on those semi-legislative matters to which reference has already been made, reserving the authority of the Political Parliament to interfere when the National Economic Council obviously failed in its duty, or acted in such a way as to injure the interests of the community. The functions of the National Economic Council and its subordinate bodies would be exercised by delegation from the political State, which would not interfere with the National Council so long as that body thoroughly did its work and delivered the goods to the community. The relations between the National Economic Council and the political State would be somewhat analogous to those which exist to-day between the State and the municipalities, though the National Economic Council would enjoy a larger measure of freedom within its defined duties than the municipalities have to-day.

There remains the consideration of the question of distribution, and this would be one of the functions of the National Economic Council, which would work for this purpose through district and local organizations on which the community, as consumers, would be represented. The existing municipal councils, reformed and with increased powers, would no doubt be utilized as providers and distributors of many services and commodities. The organization of the

voluntary Co-operative Movement might be utilized as the distributing agency for certain supplies. I have never been able to understand the case of those who propose that the Co-operative Movement should be employed as the sole distributive agency in the fully developed Collectivist State. During the transition period voluntary Co-operative Associations will no doubt continue to play a most important and useful part in economic organization. But when all the staple commodities are produced in publicly owned factories, these products will be the property of the community, and their distribution will be made over the whole body of consumers, and the organization for the distribution of the commodities will have to be correspondingly a communal organization.

The machinery of the voluntary Co-operative Societies will no doubt be utilized, but its voluntary character must necessarily disappear when the whole community is being served by the organization. This is what has happened in Russia, and it is difficult to see how, under the system of the State monopoly of the ownership of the instruments of production and of the product, the absorption of the voluntary Co-operative Societies could have been avoided.

The Co-operative Movement is the organization of consumers, but its activities have extended into the sphere of production, and the Co-operative Wholesale Society owns large factories in which many of the articles sold in the distributive stores are produced. But it is very significant that the Co-operative Movement, which is a democratic institution, has never applied the idea of workers' control in its factories. Nor are the employees of the distributive

societies represented, as a rule, upon the Board of Directors.

The statement made above that voluntary Co-operative organizations must necessarily disappear in the fully developed Socialist State needs this qualification, that no community whose aim was to secure the very best utilization of its resources would ruthlessly suppress voluntary effort for the sake of establishing a State monopoly. During the transition period at least it would be very desirable to permit the utmost freedom for voluntary organizations to compete with public undertakings in services which were not natural monopolies, but it would be equally necessary that voluntary concerns should not be permitted to compete on unfair terms in the matter of wages, hours of labour and general conditions. The voluntary Co-operative Movement is not a profit-making institution, and the existence side by side of State enterprise and voluntary co-operation would provide a healthy stimulus for each, and ultimately the fittest would survive.

The final test by which any system of industrial or social organization must stand or fall is the extent to which it gives freedom to the individual to live his own life and to develop his own gifts and capabilities, restrained only by laws which ensure an equal liberty to others. Men will endure a good deal of material hardship if they can breathe the atmosphere of freedom. The aim which must be kept in mind in all schemes of industrial organization must be to ensure the fullest possible freedom to the individual and to avoid anything which will crush his individuality. Compulsion to labour is an obligation imposed by

nature. No man can shirk his share of work except by transferring it to somebody else. There must be some limitation upon individual liberty in regard to the choice of occupations, and the way and the time in which necessary work is done, imposed by the obligations of social organization. But the thing to avoid is to impose conditions which are irksome and intolerable. Much of the resentment at compulsion to labour will be removed when every workman has a voice in determining the conditions of industrial and social organization. There is a difference between compulsory labour imposed by nature and forced labour imposed by an autocratic decree, whether the autocrat be a tyrant ruler or a Government acting undemocratically. An intelligent community would realize that its interests could be better served by discovering the work or service that an individual can best perform, and when men are employed in such congenial work there would be no feeling of tyranny or oppression. It is a true indictment of the capitalist system to say that under it the majority of workmen have little or no choice of occupation. But it is a debatable point as to whether most men would not prefer the small chances they have under the capitalist system of finding a congenial job, with the limited opportunities of advancement, to a system where they were assured of animal comforts, with their lives rigorously ordered for them by others.

The capitalist system gives the semblance but not the reality of freedom, and it is that semblance of freedom which has made it so long tolerable. The industrial organization in the New Social Order will

have to provide not only the semblance but the reality of freedom within the two inexorable limitations to which reference has been made, namely, the obligation imposed by nature to work, and the obligation of social organization. I am disposed to believe that the great majority of people would prefer to take the risks and privations of the competitive system rather than change it for a social organization wherein they were *forced* to work at an occupation provided for them, and under conditions imposed by a bureaucratic State.

But the choice between these two things is not an inevitable one. If the community and those elected by the community to be responsible for industrial and social organization bear in mind that too much regimentation destroys men's minds and souls, they will avoid committing this serious crime. The time it would be necessary to devote to discharging the natural obligation to provide the necessities of a physical existence would, under proper organization, be very small, and the individual would be left with ample leisure in which to enjoy, not only the semblance but the reality of freedom.

## CHAPTER VIII

### UNEMPLOYMENT

**T**HE obligation to labour to produce the necessities of life which is imposed by nature is one which a fluctuating percentage of the people in every industrial country are prevented from fulfilling. The immorality and failure of the capitalist system are glaringly exposed in the existence of men unable to get an opportunity to maintain themselves by honest labour.

It is a very common saying that unemployment is essential to the maintenance of the capitalist system. I believe it was the late Sir Charles Booth who first gave popularity to this declaration. In one sense this statement is true. In another it is inaccurate. Wages are regulated in the main by two things, competition for employment and the cost of maintenance of the wage workers. It is conceivable, if there were a great scarcity of labour, that by combination amongst the workers wages might be forced up to a point where they would absorb all profit. In that event the capitalists would cease to carry on their businesses, and the capitalist system would collapse. But it is not likely that such a state of things as that would arise, even if the capitalist system absorbed all available labour. The conditions of war-time were admittedly abnormal. There were no unemployed; wages rose considerably, it is true, but not appreciably beyond the real wages of pre-war days.

The existence of unemployed under the capitalist

system is due rather to the lack of organization, and to the chaos of unregulated production, than to a deliberate design to maintain a margin of unemployment. No industrial or social organization, not even fully developed Socialism, would remove the necessity for organization to keep the available labour in employment. The unemployment problem can be solved, or more correctly, the privation resulting from unemployment can be abolished by organization of work and by special provision. It would be impossible for any organization of production to avoid fluctuations in the amount of labour employed in particular trades and services. Changes of public taste, and fluctuations in the volume of available raw material due to natural causes, variations in the volume of building and construction work, would frequently necessitate a rearrangement of work and employment. The fluctuations could be provided against so as to reduce inconvenience to a minimum. The volume of work to be done would not be likely to fall off, and organization could provide for the easy transfer of labour from where a reduced amount was needed to an industry or locality where more was required. Under the industrial organization which has been sketched in the preceding pages the difficulties of moving labour from one class to another, or from one trade to another, which are now imposed by trade union regulations (necessary under the capitalist system) would no longer exist. Proper industrial training would make workmen masters of more than one craft, and this would facilitate their transfer from trade to trade as necessity arose.

Starting from the situation with which we are

faced to-day, the unemployment problem naturally divides itself into two parts, namely, the consideration of proposals for finding employment for the men out of work, and the treatment of the whole question with a view to eradicating the existence of unemployment.

To deal with the first aspect of the problem requires knowledge of the second. Proposals for finding temporary work may be of such a character as either to do no real good, but to inflict positive harm. Many of the crude suggestions put forward for dealing with the unemployed amount to no more than giving work to the unemployed by taking it from the men who are in employment. Among the schemes of this class are those which propose to start public works to set unemployed boot-makers making more boots for the home market when the boot warehouses are filled with unsaleable boots and shoes; unemployed motor-car makers making motor-cars; unemployed engineers making more machinery; and unemployed cotton and woollen operatives weaving more cotton and woollen pieces. Simply to do this would be to throw out of employment at least a corresponding number of those still employed in the specified trades. The result of such a policy as that would be not merely to effect no material change; it would inflict a great social injury. It would involve an increase of social waste by doing in a more costly and less efficient way work which, in the ordinary course, would be done without economic loss. To abstract from the ratepayer or taxpayer contributions to meet the loss upon public work done by the less efficient labour when efficient labour is available, or shortly would be available, is

a loss of wealth production, and therefore a decrease in the amount available for spending in the employment of labour in other forms.

This criticism applies only to proposals to put the unemployed to do work which in due course would be done by efficient workmen. To put the ordinary unemployed to paint railings, to make sewers, to lay out parks, to make roads—work which may be put in hand a little sooner than was intended—is only to provide employment for certain inefficient men at the cost of the unemployment by and by of the ordinary workmen.

This result does not follow where the unemployed are put to work which does not enter into competition with labour engaged in supplying a market already full. The two points to keep in mind in providing work for the unemployed are first, that the work is a new industry, or useful work which would not be done were there not the necessity of providing for the unemployed; and in the second place it should be remunerative, that is, it should add at least as much to the total of national wealth as the support of the scheme has taken from that store.

To take the second point first for further consideration. It must be admitted that there are great difficulties in the way of devising and carrying out new schemes of work with the labour of the unemployed which will be self-supporting. But we need to define what we mean by self-supporting schemes. If we are to demand that there shall be an immediate return which can be translated into exchangeable wealth, then it is to be feared that no such scheme for employing the unskilled out-of-works can be devised.

But there is a world of difference between the schemes we have condemned and other schemes which may be suggested which would provide additional employment, though the return may not be immediately available. In the latter instances the cost of the scheme is an investment which will eventually make its return to the community. And this investment is not merely an investment in material things. It is an investment of capital in human beings, and this will bring a certain and not long-delayed return.

This latter is a point of view which is not sufficiently considered in connexion with the unemployed question. The treatment of the large class of the unskilled and inefficient must be regarded from the same standpoint that we look upon the public expenditure upon education. We spend millions a year upon our schools because we recognize that to allow the children to grow up in ignorance would result in untold loss of wealth-producing power to the community, as well as involve enormous cost of dealing with other results of ignorance. The "unemployables," to use a word which is now understood to describe the inefficient who are the first to be cast off when the private employer must reduce his staff, are the despised and rejected of men, who through the absence of the helping hand of the community have become what they are. But it is as true of society as of the individual that we cannot escape the penalty of our neglect or wrong-doing; and indirectly in a hundred ways society suffers for its neglect to afford these men the chance and facilities to make themselves efficient workmen. The loss of social wealth, the difference between the present

uselessness of this class and their possibilities is incalculable.

Our point, then, is that anything which society may do for this class which will give them regular employment, and the means to have a higher standard of living, will be an investment of the most remunerative character, and one which will not be long in giving back its return. Therefore, in estimating the probabilities of any scheme for providing employment being remunerative, the return which may be expected in the form of increased efficiency, increased spending power, and the saving of indirect waste must be taken into account. It might, indeed, be reasonably argued that it would pay the community to take the whole body of unskilled unemployables and spend all that might be necessary in training them industrially, in disciplining them, and in getting them back to physical condition. If, therefore, a scheme of work is planned and carried out, and if it brings no financial return, if it has made the men anew, restored their self-respect and brought back their strength, it is a scheme which can be justified as sound social economy.

But if it be possible at the same time to attain this end and to secure satisfactory financial results, so much the better; though the difficulty—nay, almost the impossibility, of doing both together, when we remember the human material and the limitations of the kind of work suitable, must not be allowed to interfere with the discharge of the duty of organizing the unemployables with the object of making them employable.

If the schemes on which the unemployed are put

to work do not enter into competition with the ordinary labour market, then the practical difficulty of the rate of wages to be paid almost disappears. Only humanitarian sentiment can justify the payment of the maximum rate of wages to the unemployable when they are in reality undergoing a period of training which is to fit them to take their places as the equals of the best men of their trade. But the community must, during this period, be generous in its provision for the health and comfort of these men, and must especially take care that the families of the men are well provided for.

Schemes which fulfil the condition laid down as essential, namely, that the work is not such as would be done in the ordinary course, are difficult to frame. Afforestation, foreshore reclamation, the cultivation of waste lands are favourite and widely accepted suggestions for the purpose. But the unanimity and persistence with which those writing and speaking upon the unemployed question harp on these three strings is a striking proof of the difficulty of the situation, and of the smallness of the area in which it is possible to work unemployment schemes. All three suggestions are quite within the condition laid down, and if the community will take part of its return in reclaimed manhood then the schemes will admirably serve for the purpose. But if, say, afforestation is regarded as being an investment which should be conducted on commercial lines, then it would not be by the labour of the unemployed it should be undertaken, but by the most efficient workmen the State can obtain for the work.

No miserable grant of a few thousands to supple-

ment equally miserable sums taken from the locality is going to make the slightest impression on the unemployed problem. It is the pressing question of our time, and it must be faced with a determination to spend whatever sums, however large, may be necessary to remove the scandal from our society of a class of human beings industrially and socially superfluous.

Emigration, which in some quarters is strongly urged as a method of dealing with the unemployed, can never be more than a partial and temporary relief. The constant stream of emigration from our shores for the last fifty years has made no perceptible difference to the problem. The vast body of the unskilled unemployed are utterly unfitted to be sent away; they are incapable of fending for themselves. A sustained course of training must precede suitability, and then it would be folly to send away capable men who are as valuable an asset to this country as they can be to any other.

The abnormal amount of unemployment which exists to-day (January, 1921) is due to an aggravation of causes which are always operating within the capitalist system. Five years of war have largely destroyed the productivity of the Continent of Europe, formerly the best customer for the productions of the British factories and workshops. The effect of this on the British market has been disastrous. No country in the world is so dependent upon the maintenance of its foreign trade as Great Britain, and any slackening of the demand for British goods on the part of foreign countries leads to widespread unemployment here. The growth of manufacturing industries in other countries has deprived Great Britain of

the opportunities which it had formerly of finding markets elsewhere, when through some temporary cause the demand for goods declined in particular countries. The effect of the war and of the Peace Treaties, and the Allied policy towards Russia, and the maintenance of the blockade against Central Europe for a considerable time after the Armistice, has been to practically destroy two-thirds of the pre-war Continental markets for British goods. The war, and the post-war Allied policy, have brought about on a colossal scale a stagnation of trade similar in character, but far greater in magnitude, to that which came periodically in pre-war days, due to the nature of the capitalist system.

Bad trade and unemployment are always due to a falling off of effective demand. The process works in this way. When trade is good production is stimulated. Every manufacturer and trader is anxious to make hay while the sun shines. He knows little or nothing of what his fellow competitors are doing. There is no equilibrium between supply and demand. New factories are built. New machinery is brought into use. Workers are attracted in to the prosperous industries. The wages of the workers do not advance in correspondence with the increased output. They are able to buy back but a part of the commodities they produce. The effective demand of the well-to-do for staple commodities remains little affected. The result is that in a short time production outstrips demand, markets become glutted, and trade depression ensues. We have then the curious spectacle of vast accumulations of commodities, while the people who have produced them have to endure

unemployment and are deprived of purchasing power. It takes a considerable time to clear the stocks, for only that part of the population of the world which has retained its purchasing power is in a position to buy. When the stocks have been cleared trade revives, production begins again with feverish intensity, and the round of the vicious circle runs once more until supply exceeds demand, and another period of trade depression is reached.

It is a very curious thing that the more a country is developed industrially, the more it is troubled with the problem of unemployment. In pre-war days in the United States the average unemployment in the manufacturing trades was higher than in any other country, and we cannot escape from the conclusion that the intensified methods of production in the United States were in the main responsible for this phenomenon. The tariff system of that country was no doubt a contributory cause, but that system itself was deliberately designed for the purpose of intensifying production.

Another curious result of the capitalist method of production must be noted in this connexion. During the first two years after the Armistice the cry for more production went up, and workmen were urged to put forward their utmost efforts to increase the output of commodities. There can be no disputing the fact that what the world did need was more production. The cause of high prices is in the main due to the expansion of currency and credit, without a corresponding increase in the volume of exchangeable commodities. An increase in the volume of marketable commodities, if accompanied by a corre-

sponding increase of effective demand (a demand not artificially created by an increase of currency) would at the same time have increased the amount of employment and led to a reduction of prices. The call for increased production has been made ridiculous by the facts of the present state of trade, and yet it remains a perfectly sound policy, vitiated by the lack of organization to secure a market for the goods produced. Though Labour continues to rail at the cry for more production, it admits that this is the only practical solution of unemployment by demanding at the same time more work, that is, more production. It is our old acquaintance, the vicious circle, in one of its manifold manifestations.

So far as the unemployment problem can be solved, it can be solved only by the provision of more work. But work can only be provided when there is an effective demand for the products and services of labour; and as the community in every country consists in the main of wage workers, the solution demands an increase in the purchasing power of the wage-earning classes. Labour opposition to higher production will continue so long as the obvious effect of higher production is to bring about sooner or later a condition we euphemistically describe as "over production." There never can be a state of over production until the needs of every human family have been fully satisfied, and that is certainly far from having been the case in the past.

An understanding of the true causes of unemployment exposes the fallacious character of many of the proposals which are made for alleviating the situation. What is wanted when trade is bad is to increase the

volume of purchasing power. A reduction of wages is no panacea for trade depression. On the contrary, it aggravates the position by lessening still further the effective demand of people who have a great unsatisfied consuming capacity. Organized short time may tend to spread the inconvenience and hardship of a trade depression more evenly over the work-people affected, but it does not touch the roots of the problem. On the contrary, if the effect of organized short time be to reduce the aggregate amount of the wages bill the effect will be the same as of a general reduction of wages. A permanent shortening of the hours of labour has not the same economic consequences as temporary short time. But this is an important matter which must be treated at length at a later stage of our inquiry.

We can only look with hope, therefore, for a solution of the problem of unemployment to schemes which will permanently raise the wages, or, in other words, the effective demand of the working classes. Production and effective demand must be brought into equilibrium. Increased production without a corresponding increase of effective demand must inevitably lead sooner or later to a congested market and to unemployment. Some plan must be devised by which the remuneration of labour will absorb the increased product, and when that has been achieved the objection of labour to increased production, and to putting forward its best efforts, will have been removed.

So long as Great Britain has a large industrial population dependent for a livelihood upon the demand of foreign markets, so long will the problem

of unemployment be difficult of solution in this country. As other countries become more industrialized, the international character of the unemployment problem will be increasingly recognized, and necessity will drive the various States more and more to devise plans of international co-operation to palliate the evils of unemployment and to find a solution of the problem. The International Labour Office created by Covenant of the League of Nations may fulfil an extremely useful function in this matter.

But though for an industrial nation, with a population largely dependent upon an export trade, the complete solution of the unemployment problem is beyond its own national efforts, much may be done by State action to reduce the problem to smaller dimensions. Until internationalism has developed to the point that the world organization of trade is controlled by the Economic Council of a League of Nations, it is an unhealthy condition of things for a country to neglect to develop to the utmost its own national resources and to leave its population dependent upon the precarious circumstances of foreign markets. Great Britain, too, must face this obvious fact, that its foreign trade in the past has been built up largely upon the favourable advantages of its natural coal resources. We have paid for the food we have imported by our exports of coal, textiles and machinery. If by the more general use of oil or electric power in other countries, and by the continued development of manufactures in countries we have hitherto supplied, we are unable to pay for our imported commodities with the commodities by which

we have done in the past, our national position will become extremely serious.

The idea of such a thing as this happening is by no means fantastic, and it behoves Great Britain to set to work energetically to develop to the utmost the possibilities of its own soil. Meanwhile it is necessary to struggle manfully to maintain as much as possible of our foreign trade; and to ensure this, everything must be done to improve the efficiency of labour and the economy of production. The waste of competition must be eliminated and parasitism must be destroyed. All unremunerative taxation is a burden upon industry, and lessens the competitive power of Great Britain in the world markets. On the other hand, national expenditure which improves the health and the education of the industrial classes is a remunerative investment and strengthens the industrial position of the country. If we are to successfully maintain our position in trade the burdens of landlordism, of mining rents and royalties, of onerous railway rates will have to be removed, together with every charge upon production which is not directly or indirectly remunerative.

Summing up the foregoing observations we arrive at the conclusion that the solution of the unemployment problem is to be found in the scientific organization of production and distribution; in making effective the demand of the masses of the population for the commodities produced; in the improvement, training and education of industrial workers of all grades; in the stopping of national expenditure on unremunerative purposes; in the fuller development of the resources of the country; in removing artificial barriers

to the free flow of international trade; and in an international policy for the reduction of armaments and the establishment of permanent peace.

While this comprehensive policy is being carried through, temporary devices will have to be adopted for dealing with existing unemployment. These plans will be of a twofold character, namely, schemes for finding temporary work to absorb the unemployed as far as possible, and maintenance for those for whom no employment can be immediately found. Much may be done by State organization to mitigate the severity of a trade depression. Periods of bad trade never come unexpectedly. The coming event casts its shadow before. In pre-war days cycles of bad trade occurred at fairly regular intervals. The Government is a very large direct and indirect employer of labour. The Office of Works has the control of a large number of public buildings upon which repairs and alterations have to be made. The Government lets out vast contracts for all kinds of work. The municipalities are in a like position. A great deal of the work undertaken by the Government and the municipalities is not of a very urgent character. The Government and the municipalities can do much to stabilize the demand for labour by postponing work upon non-urgent schemes until such times as the demand for labour in the ordinary market falls off. It is very necessary, however, that extensive schemes of public work should be prepared beforehand, and that everything should be in readiness to put the schemes into operation when the necessity, through abnormal unemployment, arises. Work of this character would include the building of

post offices, schools, the laying out of parks and recreation grounds, the making of roads, new sewers and the erection of electricity works and public development schemes of a similar kind. Public works schemes should be of a telescopic character, capable of extension or compression according to the exigencies of the labour market. If schemes of this character were always ready when a cycle of bad trade came upon us, a large part of the unemployed could be immediately absorbed in useful work.

But when all that is possible has been done in that direction there still will remain a certain number of persons for whom no work can be provided, and whose cases merit the sympathetic consideration of the community. So long as there is a margin of workers which industry cannot absorb, provision will have to be made for their maintenance. A scheme of maintenance allowance must not, however, be allowed to become a substitute for schemes of useful employment; for unemployment grants can never be more than a palliative, and never a remedy of unemployment.

The Trade Unions have done magnificent work within their limited means to make provision for their members in times of unemployment. But it is not fair that this burden should be placed upon the workers' organizations. For they are not responsible for the existence of unemployment. There can be no objection, however, to the Trade Unions, if they desire to do so, supplementing by their voluntary efforts any unemployment grants which may be provided by the State or by the employers; but the obligation to provide adequate maintenance for the

unemployed is one which the community must accept. It has been done partially by the existing National Unemployment Act, which provides out-of-work pay at the rate of £1 a week for men. Such a sum as this is miserably inadequate, and in these days of high prices is a mockery of the sufferings of the unemployed. Adequate maintenance for the unemployed must be given, not merely on humanitarian grounds, but because it is sound social economy. No wise employer permits his machinery to deteriorate when it is not in use, and the owner of horses feeds and tends them whether they are worked or not. Men, like machinery and horses, rapidly deteriorate if they are not properly sustained. A scheme of unemployment maintenance will make provision for under-employment as well as total unemployment. The full time wages of a workman are upon the average only sufficient to maintain him and his dependants in a state of health and efficiency when he is fully employed, and any reduction of his wages through short time involves a lowering of his standard of living which is harmful both to him and the community.

The State must be responsible for maintenance grants to the unemployed, but the contributions to the fund need not necessarily be wholly derived from taxation. Indeed, it is desirable for many reasons that that course should not be followed. Industry must be in the main responsible for the maintenance of the unemployed. An individual employer, or an industry, must not be relieved from responsibility for keeping unemployment at the lowest possible point, for if an industry were free at any time to throw the

burden of the maintenance of its unemployed upon the State there would be a direct encouragement in certain circumstances to do so. On the other hand, industries are so interdependent, and a particular industry is so liable to be seriously affected by causes over which it has no control, that it would be equally unfair to place the whole burden of maintaining the unemployed upon the industry from which they had been temporarily or permanently displaced.

At the time of writing the newspapers report that the railway companies are considering the reduction of their staffs, owing to the falling off of traffic due to general trade depression. So every other trade is affected more or less by the depression or prosperity of other trades and industries. In view of this interdependence of industry the burden of employment maintenance must be borne in the main by industry as a whole, though every safeguard must be introduced to discourage a particular trade from throwing its responsibilities upon others. This can be done by combining contributions from the State, derived from a general tax upon all trades, with direct contributions from the employers to an Unemployment Insurance Fund. There are strong objections to imposing contributions to such a fund upon the workmen, because such contributions would be a deduction from wages already inadequate, and would be a reduction of their purchasing power. Moreover, as has already been pointed out, the workers, so long as they are deprived of a share of the management of industry, cannot be held to have any responsibility for unemployment.

An Unemployment Insurance Fund is of the

nature of an Equalization of Profits Fund. Every well-managed business puts aside reserves to meet unforeseen contingencies, and to equalize dividends as between fat and lean years. In the same way provision should be made for the equalization of wages, and a portion of the profits should be set aside for the maintenance of the workers when their wages are temporarily suspended on account of their services not being required. This result can be achieved by the payment into an Unemployment Insurance Fund of a certain sum, based upon the amount of wages paid. The more prosperous trades, because their prosperity is largely an unearned social increment, should contribute more generously to such an unemployment fund, and they can be made to do this through the Income Tax.

Another argument against placing the whole cost of maintaining the unemployed upon the particular industry is that such a policy would tend to restrict entry into trades which were liable to seasonal and periodic spells of unemployment, and such restriction would be detrimental to the development and expansion of the industry. A further argument against placing the whole burden of maintaining its unemployed upon an industry is that the mobility of labour is so great in modern industry that it would be impossible in practice to impose such a liability. A workman whose claim to unemployment allowance was dependent upon his membership of a particular trade would hesitate to transfer his services to another, even if the difficulty of obtaining admission to it could be overcome. It is very desirable as a means of dealing with unemployment to have the utmost

facilities for the transfer of adaptable labour from one trade to another, and if the responsibility for providing maintenance were placed wholly upon each industry that would be a very serious obstacle to the transfer of labour from trade to trade.

On the whole, the plan embodied in the existing Unemployment Insurance Act in regard to the provision of funds is the most practical and just, except in so far as it exacts contributions from the workmen; though if the Trade Unions are to maintain a claim to participate in the administration of the Fund they must make some contributions to it, either by Trade Union levies or by a small deduction from the wages of the workers to the general fund.

The desirable object of placing a special responsibility upon each industry to keep its unemployment to the lowest point might be attained by a special unemployment fund for each trade which would be supplementary to the general unemployment fund. It is not likely that any State Insurance Fund, supported mainly from a general levy upon employers, would provide a too generous allowance, and there would be ample room for such a supplementary fund as has just been suggested. If this supplementary allowance, combined with the allowance from the general fund, approached near the average earnings of the unemployed workmen, there would be an additional incentive upon the employer to take all possible means to prevent a heavy drain upon the funds through unemployment.

We come now to the consideration of the amount of the unemployment grant. On some grounds the claim can be established for the payment of a sum

equal to the average earnings of the unemployed person. It might be maintained that the man is out of work through no fault of his own, that he is willing to work if employment is provided, that if employment cannot be found the State or the organizers of industry have failed in their duty, and that his wages, when in employment, being only sufficient to maintain his standard of living, there ought to be no reduction of his income through unemployment. These are sound theoretical arguments, but there is a strong practical case against them. It could not be denied that if men were paid as much when unemployed as when in work there would be a strong temptation to seek unemployment rather than to seek work, and grave abuses of the scheme would undoubtedly arise. But, on the other hand, there are very strong reasons, some of which have already been set forth, why the amount of unemployment maintenance should not be so small as to involve a serious degradation of the standard of living.

The amount of the maintenance grant should vary according to the family responsibility of the individual. A scheme has been put forward by a Committee of Employers and Labour leaders which fixes the amount of out-of-work pay at 50 per cent. of the average earnings of the workmen, with additional allowances for a wife and children. In the case of the better paid workmen such an allowance would not involve a very serious deprivation of ordinary comfort, but for the large body of workmen, with families dependent upon them, whose average wages are barely sufficient to provide the necessaries of life, such a reduction of income, especially if it continued for

a lengthened period, would be a very serious matter indeed. It would lessen the hardship if the unemployment allowance were a higher percentage of the average earnings in the case of the lower paid workmen than in the case of those whose average earnings were higher. It is a much more serious matter to have a wage of £2 a week reduced to an unemployment allowance of £1 than to have a wage of £6 reduced to £3 a week.

In view of the fluctuating value of nominal wages no useful purpose could be served by suggesting an arbitrary figure as the minimum unemployment allowance. In December, 1920, a Labour Conference put forward the demand for a minimum unemployment allowance of £2 a week. Ten years ago the Labour party submitted to the House of Commons a motion based upon a resolution of the Trade Union Congress, demanding a minimum wage for employed men of 30s. a week! It is sufficient at this stage to demand that the minimum out-of-work pay should be sufficient to prevent hardship and privation, to maintain the unemployed man and his family in a state of physical efficiency, and at the same time not to be so large as to be an encouragement to remain unemployed.

No scientific plan for reducing unemployment can ignore the question of woman and child labour. The problem of the unemployed woman is a very difficult one. There was considerable truth in a statement made by the Prime Minister in the autumn of 1920 that no practical proposal had ever been put forward for finding employment for this class. Much out-of-door work is, of course, quite unsuitable for women;

but, on the other hand, the unemployed women are mainly those who have been temporarily displaced from manufacturing industries, and a revival of those trades would go far to solve this part of the unemployment problem. It is a curious paradox that while so many women are at present unemployed there is a great unsatisfying demand for the labour of women in domestic occupations. War-time conditions have upset the woman labour market altogether, and from many points of view this is to be welcomed. The pre-war wages of women in industrial occupations were a scandal and a disgrace. According to a Board of Trade statement in pre-war days, 40 per cent. of the persons employed in the sugar confectionery trades, largely employing women, were receiving less than 10s. a week, with an average of 11s. 9d. In the laundry trades women over eighteen years of age, working full time, averaged 11s. 4d. a week for a sixty-hour week. During the war the wages of women rose proportionately far more than those of men. Women who for years have been in receipt of comparatively high wages are not willing to go back to the sweated conditions of pre-war days. The lack of industrial training is also a handicap to the employment of women, and their lesser efficiency through inadequate training was only tolerated in the old days because of the low wages at which their services could be obtained.

Women are looking more and more to industrial and professional occupations as a life's work, and nothing can prevent them encroaching more and more on to preserves which have previously been regarded as a male monopoly. No one who believes in the

equal right of a woman to choose her own career will put any obstacle in the way of this development. The experience of war-time employment of women proved their capacity to do many kinds of work as efficiently as men, and many women displayed remarkable and quite unexpected capacity for organization. We can no longer look for a relief of the unemployment of men by restricting the opportunities for the employment of women, and the unemployment problem for the future will have to be regarded as one in which men and women are equally interested.

There is a danger, however, that the incursion of women into the industries and professions may tend to the degradation of wages and working conditions unless steps are taken to prevent this. The hostility of the men's Trade Unions to the entry of women into occupations for which they are fitted will have to be discontinued. Otherwise the competition of women will take the form of accepting a lower rate of wages, to the detriment of the male standard. Equal pay for equal output must be the policy, and if that condition be enforced the competition between men and women will become one of efficiency.

The employment of children and young persons is very closely associated with the problem of unemployment. There are over 2,000,000 young persons in the United Kingdom employed in industry who are between the ages of fourteen and eighteen, and new entrants are coming into the labour market at the rate of 50,000 a month. The Minister of Reconstruction has said: "At a time of unemployment a deliberate attempt should be made to hold back from industry as many as possible of the rising generation."

Instead of carrying this policy into effect the Government have suspended the provision of the Education Act of 1918 which raised the age of half-time employment from twelve to fourteen, though this action has been nullified by the operation of the new Factory Act, which imposes a similar provision.

The great proportion of the 50,000 children who enter industry every month go into occupations which offer no prospect of a permanent and remunerative career. During the very crucial years between fourteen and eighteen, when they ought to be under preparation for a craft or profession, they are simply marking time, and when they reach the age when they demand a man's wage they are dismissed to give place to other youths, and are thrown upon the labour market, unskilled and to a great extent unemployable. It is a criminal thing at a time when adult men with family responsibilities are out of work, that children should be employed at work which ought to be done by adult labour. In any well organized social system the two million young persons between fourteen and eighteen now employed in wage-earning occupations would be at school, or undergoing vocational training. It is quite true that the employment of children is often necessitated by the economic poverty of the parents. But the economic effect of the employment of children in gainful occupations is to depress the rate of wages of adult labour, and the abolition of child labour would have the effect of raising the aggregate wages of adult labour, and therefore the volume of purchasing power. Both on social, industrial and economic grounds the employment of children in wage-earning occupations is harmful,

and from all these points of view its abolition is desirable.

It would take some time, however, for the working of the law of wages to become fully effective, and in the meantime, at least, steps should be taken to provide compensation to parents who are deprived of the wage-earning capacity of their children. This can be done by means of maintenance allowances, and provision has already been made for this in the Education Act of 1918, which gives power to local Education Authorities to provide maintenance allowances for children over twelve. The Departmental Committee on Scholarships and Free Places in Secondary Schools recommended that the number of free places should be increased, and maintenance allowances provided to all free-place pupils in need of them. This would necessitate the building of more school accommodation, and additional employment in the building trades would thereby be provided. To stop the entry of children into industrial occupations between, say, the ages of fourteen and sixteen, would not be good for the children unless provision were made for the continuation of their education and technical training.

To carry out the schemes which have been suggested for dealing with the problem of unemployment by State organization would require the provision of adequate funds. The local authorities are deterred at present from embarking upon further expenditure on schemes which will not be immediately remunerative by their serious financial embarrassments. To incur large capital expenditure at a time when the price of money is so high will make the cost of all public

works very expensive. Large municipalities are finding considerable difficulty in raising loans for housing and other urgent schemes at 6 per cent., double the rate on which loans could be obtained seven years ago. There is no possibility of any large extension of municipal activities if the whole financial burden, or any considerable part of it, is to be placed upon the local authorities, until new sources of revenue have been tapped for this purpose, such as the taxation of site values. As a temporary expedient at least for relieving the pressure of unemployment, the State will have to provide the bulk of the funds for all public works, whether these are carried out directly by the State or by the local authorities.

The municipalities with their limited means and restricted areas can do little, without the assistance of the State, to find work for the unemployed. It is unreasonable to expect the localities to bear any considerable part of the financial cost of dealing with unemployment. Unemployment is due, not to local, but to national causes, and the responsibility must in the main be accepted by the nation. The richer localities suffer little from unemployment. The poorer localities suffer a great deal, and if the burden of dealing with unemployment is placed upon the localities where it exists, the richer districts will be relieved from contributions, and the poorer will be unduly burdened. The limited area over which local authorities operate makes it impossible for many schemes of work to be undertaken by them. Most of the schemes for providing work for the unemployed, such as land reclamation, road-making and afforestation cannot be undertaken by urban authori-

ties, which have no land suitable for the purpose within their boundaries.

We have laid it down as a principle that new works started at a time of exceptional bad trade, and with the object of relieving unemployment, must be of a character which will ultimately be remunerative, either directly or indirectly. Expenditure on such schemes must be regarded in the light of capital expenditure of a useful character. Demands for such expenditure by the State are met with two arguments, one in support and one in opposition. There are those who in a light-hearted way point to the colossal expenditure of the State upon armaments, military adventures and war, and airily declare that if the money can be found for such purposes it can be found with equal ease for more useful purposes. That does not follow at all; but, on the contrary, all wasteful expenditure lessens the capacity of the country to find money for other purposes. The right line is to attack useless expenditure and to insist upon retrenchment, so that the saving thereby effected may be available for works of reconstruction.

This reply answers the second argument which contends that because of the present colossal national expenditure schemes of reconstruction must be abandoned or kept in abeyance. There are two further replies which may be given to this contention: first, that it is a penny wise and pound foolish policy to retrench on expenditure which is necessary to support the industry and general welfare of the country; and second, that though the taxation of the country at present is very heavy, the taxable capacity of certain classes has by no means been exhausted. The money

to carry out public schemes of reconstruction upon an extensive scale can be found without difficulty by the abolition of wasteful national expenditure, by strict economy over essential expenditure, and by the further taxation of large incomes and fortunes. The reduction of the spending power of the rich, provided the revenue thereby obtained is usefully expended, will have a striking and beneficial effect upon employment. It will in effect be a transfer of wasteful spending power to useful spending power. It will increase the effective demand of the working classes, and thereby increase the amount of employment in useful trades and occupations.

If the various suggestions which have been put forward in this chapter for dealing with unemployment were carried into effect, the evil would be reduced to insignificant dimensions. Supply and demand would be brought into equilibrium. Trade would be stabilized, and the unavoidable amount of unemployment would be treated by temporary maintenance grants, which would remove the hardship and privation which is now suffered through unemployment by the unfortunate victims of the capitalist system.

But for a complete solution of the unemployment problem we shall have to look to the international organization of trade, and to the development of an international policy which recognizes the vital truth that all the countries of the world have interests in common, and that by international co-operation these interests must be served.

## CHAPTER IX

### THE WORKING DAY

THE question of the working day has an intimate relation to the problem of unemployment, but it has a special importance of its own in any schemes of industrial organization. An increase in the productive power of labour due to machine invention or to the more efficient and economical organization of industry would in any just social system bring two natural results, namely, a reduction in the hours of labour and an increase in the volume of consumable commodities. But these have certainly not been the natural results of an increase of productive power. Every reduction which has taken place in the working hours has been won by the determined efforts of organized labour, assisted by a few humanitarians of other classes, in the teeth of the opposition of the employers.

In 1815, when it was proposed to limit the labour of children of nine in factories to twelve hours a day, the Manchester Chamber of Commerce passed a resolution declaring that in the face of the severe competition from Continental countries, such a restriction of child labour would endanger the cotton trade. This resolution was passed at a time when the profits of the Lancashire cotton trade were, to use the words of a contemporary cotton spinner, "not 5 per cent. or 10 per cent., but thousands per cent," and at a

time when there was practically no foreign competition in the trade. But in spite of the opposition of the employers the children were protected by legislation, and the cotton trade continued to expand.

Twenty years later it was proposed to limit child labour to eight hours a day. Lancashire cotton spinners petitioned Parliament, saying that it was absolutely necessary for the carrying on of the cotton trade that children of eleven should work sixty-nine hours a week. During the agitation for the Ten Hours Bill, eminent economists in the service of the manufacturers proved beyond a shadow of doubt that such a measure would raise prices, lower wages and destroy our foreign trade. But the Ten Hours Bill became law; and prices fell, wages rose, and the foreign trade expanded by leaps and bounds. Later, the agitation for the Nine Hours Bill had to face the same arguments, which were brought out once more quite unabashed by their refutation by the hard logic of experience. Shortly before the outbreak of war the cotton trade unions were conducting a campaign for an Eight-Hour day. Employers met this demand by the very arguments which had been put forward in 1815 and 1848 and in 1874. The history of the hours movement in the cotton trade is very similar to that of the history of the movement in other organized trades.

Organized Labour has always attached great importance to a shorter working day, and this demand has invariably figured in resolutions submitted to the International May Day Demonstrations. The first Congress of the Socialist International held at Geneva in 1866 decided on an agitation in favour of

the gradual reduction of the working day to eight hours. Labour has shown remarkable wisdom in putting a reduction of the working day into the forefront of its programme, for there is perhaps no other single industrial reform which would directly and indirectly confer greater benefits upon the working classes than a general reduction of their working hours.

The shorter working day is not merely an economic reform, although it is that in a very important sense. It is a social reform of great value. The idea behind the demand for a reasonable working day is that production should be subordinated to consumption in the widest sense of that word. It is a revolt against the complete absorption of man's energies in the struggle for a physical existence. It is a demand for leisure to be employed in the enjoyment of the more excellent things of life.

The shortest practicable working day is a thoroughly sound economic proposition. British capitalists have been slow to realize the fact—which the more wide-awake American capitalists long ago appreciated—that it is not profitable to work human beings beyond their natural strength, and that high wages and not too long hours are sound economy and ensure greater production. There is no magic in a particular figure. An eight-hour day became the demand of organized Labour, not because that figure was regarded as the final settlement of the question of working hours, but because it was a practical figure at which to aim as the next limitation. Trades which have secured the eight-hour day are already agitating for a still further reduction, and the greatest

of British captains of industry is an energetic advocate of a six-hour working day.

All reductions in the hours of labour in productive enterprises have proved to be economically sound. It does not of course necessarily follow that if, after a time, output under a shorter working day has risen to the figure of the previous output under a longer working day the same result would follow a further reduction of hours. There is a maximum point of efficiency, and this will vary in different industries according to the strenuous nature of the work. Experience has established the fact that up to a certain point, varying, as I have said, in different industries according to the strenuous character of the work, the output per hour is maintained up to a certain point, after which it begins to decline progressively during the remainder of the working day. The human worker is not like a machine. His capabilities are not inexhaustible. Sustained work is a drain upon his physical and mental strength, and he needs long periods of rest for recuperation.

There is no ground for the assumption that a reasonable reduction of the hours of labour in productive work would result in a corresponding reduction of output. All experience is a refutation of such an assumption. Professor Brentano, in his work on "Hours and Wages," gives many striking cases where in hand labour, such as coal mining, a shortening of the hours increased the output per hour to the extent of bringing the day's output under reduced hours to that of the previous working day. In Great Britain the experience of pioneers of the eight-hour day in the engineering trades confirms this conclu-

sion. The Report of the Chief Inspector of Factories for 1919 contains an important section devoted to this question of the effect of reduced working hours on output. The Report states that shortened hours benefit the worker physically and mentally, and asserts that this will be more markedly the case when the various problems connected with the employment of the newly acquired leisure have been effectively treated. The reduced hours have had different results in different industries. In cotton and woollen spinning, for example, production generally has decreased almost in proportion to the reduction of hours, whereas in the boot factory, where hours were reduced from fifty-two to forty-eight, the output was considerably increased. Similarly, increased production took place in silk spinning and weaving factories after the reduction of hours worked weekly from forty-nine to forty-four. The forty-eight-hour week in the cotton and woollen spinning industry has not been sufficiently long in operation for the effect to become manifest. The whole conditions of these trades are very abnormal at present, and it would be unwise to draw any dogmatic conclusions from the results of the short period during which the forty-eight-hour week has been in operation. Fortunately there is abundant material from war-time experience in more normal times, and the conclusion to be drawn from this is that not immediately, but when economic and other influences have had time to assert themselves, the output under the shorter working day is brought up to the previous level.

The opposition on the part of employers to a shorter working day has been due in a large measure

to their ignorance of the important part played by the human factor in production. They have paid much more attention to the improvement of machinery than to the improvement of the men who mind the machine. The possibilities of increasing output by improving the physical and mental efficiency of the workmen are enormous. Every employer of labour is aware that there is a difference of at least 30 per cent. in the output of the most efficient and least efficient workmen employed upon similar machines on the same class of work. This difference can be due only to a difference in the physical and mental capacity of the workmen, and it is an urgent problem of industrial organization to improve the efficiency of the backward workmen. A reduction of the working day would contribute to that desirable result.

The improvement of output per hour which follows a shortening of the hours of labour is not altogether due to the improvement in the efficiency of the workmen. Any change which threatens to reduce profit acts as a stimulus to better organization and to the use of improved methods of production. The employers' argument is that a reduction of the hours of labour is equivalent to an increase of wages, and on the assumption of a lessened output this would increase the cost of production. Profits, it is assumed, cannot bear the increased cost, prices cannot be raised owing to foreign competition, and therefore the burden of reducing hours will fall upon the employers. When the hours of labour are reduced by law the employer, in order to escape these threatened consequences, is compelled to adopt means to com-

pensate him for the increased cost of production. Sir John Brunner, of Brunner, Mond & Company, who were pioneers of the eight-hour day, some years ago gave valuable testimony on this point. He stated that the cost of production per ton in their works was the same under the eight hours as under the twelve-hour day, and that this was due to the greater efficiency of the men, better organization, and improvements in machinery, which only men in a better physical condition would be able to attend. Sick leave had been reduced by 50 per cent., and this had considerably reduced the cost of production. The employer is able to save on working expenses, such as the knocking off of artificial light and the reduction in the consumption of motive power.

The economic results from a shorter working day would not be the same in non-productive as in productive occupations. A reduction in the hours of labour in productive work would not, except indirectly, provide for an increase in the number of workers required. Indirectly it would do that, as I shall point out later; but a reduction in the working day in some occupations would involve an increase in working expenses because there could be no corresponding increase in the amount of work done. There are some occupations, and they are very numerous in the aggregate, where the amount of work done must be in proportion to the number of hours worked. Instances of this class of work are railway porters, ticket collectors, ticket clerks, 'bus conductors, tramway workers and shop assistants. But in many branches of work in these services there is the possibility of increasing the amount of work done by an

improvement in the physical condition of the workers. A reduction in the number of hours of labour in occupations where the amount of work done bears a strict relation to the number of hours employed, would necessitate the employment of additional workmen, and this would help to mitigate the problem of unemployment.

Additional leisure would create new desires. The spread of education is opening out new avenues of enjoyment and recreation which only want of leisure leave unsatisfied. The marvellous increase in the output of periodic literature and cheap books is an illustration. Such a development as the last thirty years has seen in this direction would not have been possible unless the people had had some leisure. The development of cycling and motoring and other outdoor pastimes would be encouraged, and this, of course, would mean the creation of new industries or the expansion of existing ones. And, indeed, it is this creation of new wants through increased leisure which would have the most important social results, in addition to the economic benefits. If, as a result of the shorter hours, the workers were content to accept proportionately lower wages, there would be no increase in the efficiency of the workers and no improvement in the methods of production. At first it is not improbable that some of the workers would spend the increased leisure in a way which would not conduce to their physical and intellectual improvement; but give them time to live into their new conditions and the experience of former reductions of hours of labour would be repeated, and the leisure would be employed in rational enjoyment. So, if the effect of

increased leisure is to raise the standard of comfort of the workers, it is very probable that even under the capitalist system wages would rise rather than fall as the result of a shorter working day. This undoubtedly has been the experience of all previous reductions of working hours.

What has already been said has given the answer to the common argument against a shorter working day, namely, that a country like Great Britain, which is so largely dependent upon foreign trade, cannot afford any rash experiments which might impair our competitive power. It is not the underpaid labour of foreign countries which is threatening the manufacturing exports of Great Britain, but that of countries which approach nearest to us, or are ahead of us, in the matter of wages and hours. Cheap production cannot be secured by the employment of under-fed, badly housed and over-worked workpeople. If there were anything in the argument that low wages and long hours are necessary to meet foreign competition, the force of that argument is being destroyed by the movement towards the levelling up of international labour conditions.

The Covenant of the League of Nations has established an International Labour Bureau. The Inter-Allied Trade Union Congress held in Leeds in 1916 urged the creation of an International Labour Commission with the object of controlling the application of legislation, of social insurance, immigration and emigration, hours of labour, hygiene and protection against accidents. The Socialist Congress held at Berne in 1919 urged the drafting of an International Charter of Labour to be applied by an International

Labour Office. The Versailles Treaty declared that an improvement in the conditions of labour is urgently required, and placed the regulation of the hours of labour, including the establishment of a maximum working day of eight hours, at the head of the industrial programme. The official International Congress held at Washington in November, 1919, to give effect to the provisions of the Treaty adopted a draft convention for the consideration of all the States included within the League of Nations, the first clause of which was the application of the principle of an eight-hour day and a forty-eight-hour week. Each State is bound within one year (or in exceptional circumstances within eighteen months) to submit the draft conventions voted by the Conference to the national authority competent to ratify treaties, that is, in most cases, to their Parliaments. Parliaments are not bound to adopt these conventions, but if Governments refuse to submit them for their ratification those States run the risk of having applied against them the economic penalties provided for in the Covenant of the League of Nations.

There is, as I have said, no magic in the figure eight as the fixed working day. This is at present regarded as the maximum and not the minimum working day. Under no system of industrial organization will the working day be uniform for all industries and occupations. The working day will vary in different industries according to the nature of the work and its intensity or disagreeable character.

Two other practical matters deserve a brief consideration. A forty-eight-hour week is not necessarily the same as an eight-hour day. A forty-eight-hour

week, excluding Sunday labour, would involve a full working day on six days a week, if on no day eight hours were exceeded. But the Saturday half-holiday has now become a very generally recognized institution, and it has considerable economic and social advantages. It gives the workers a longer week-end in which to recuperate their energies for the work of the following week. A forty-eight-hour week with the Saturday half-holiday would necessitate a longer working day than eight hours on five days a week. This is undesirable, and a maximum eight-hour day would therefore involve a working week of less than forty-eight hours.

The other matter is that of double working shifts. There is no problem of industrial organization which presents greater difficulties than this. Two shifts a day, even of six hours, would necessitate either beginning work early or continuing it late, and neither of these things is desirable. One is fully aware of the loss of productive power resulting from machinery lying idle for a considerable part of each twenty-four hours, but unless the shifts were less than six hours each the inconvenience caused to domestic and social arrangements would be very great. A considerable reduction of the working hours of the individual would, during the transition to the new industrial and social order sketched in previous chapters, probably necessitate two shifts, but it would be necessary to safeguard this by restrictions and regulations which would reduce the personal and social inconvenience to a minimum.

I have dealt with this problem of the working day rather from the point of view of immediate

possibilities than from that of an ideal arrangement. When industry is socially controlled the problem of the working day will present fewer difficulties than it does in the transition period. The enormous economies of collective ownership and organization, accompanied by those financial, educational and social reforms which have been suggested, will increase production so considerably that the maximum material requirements of the community will be supplied by a working day which will involve no physical exhaustion and will leave abundant leisure for the satisfaction of social and intellectual life.

## CHAPTER X

### EDUCATION

ON the morning I sit down to write this chapter there appears in the Press the text of a Circular sent by the Board of Education to the local Education Authorities intimating the decision of the Government that "except with fresh Cabinet authority schemes involving expenditure not yet in operation are to remain in abeyance, and to request that pending further communications from the Board relating to proposals of the authorities which have been made for the extension and development of the educational system, the authority will not incur or commit themselves to incurring any new expenditure which may be affected by that decision."

The meaning of this Circular is that the operation of certain provisions of the Education Act of 1918 has to be suspended on account of the expense which would be incurred in carrying them into effect. This decision is significant and instructive. The progress of popular education has to be arrested in the interests of national economy! The decision of the Government in this matter was made under pressure from influential political supporters who object to money being spent upon the education of the working classes. This incident shows that there still survives that opposition to popular education which Sir John Gorst, at that time Minister of Education, said twenty

years ago prevailed in the political circles in which he moved. These people, he said, believed the only education which is fit for the children of the masses is one which will make them obedient to their masters and content in the sphere in which it has pleased God to place them.

From the point of view of national efficiency, and in the interests of constitutional government and ordered progress, nothing could be more disastrous than this attitude towards popular education on the part of the governing classes. The present industrial and social unrest is in a large measure a revolt against the exclusion of the masses from the best things in life and a resentment against the monopoly of culture, leisure and rational enjoyment by a minority who have obviously no special claims on the ground of social usefulness. To deliberately select expenditure upon education as the first effort at financial retrenchment is to provoke working class resentment. It is foolish, too, on the ground of national economy. An uneducated working class cannot be a physically or industrially efficient people. Pre-war experience of the success in international trade competition of countries like Germany, which had a better educated people, ought to have saved the British Government from committing the incredible folly of reducing the efficiency of our national education. The social and industrial problem in its final analysis is a question of education.

Matthew Arnold defined education as the "wisdom to do the right thing in the right way at the right time." Judged by this test we cannot claim to be an educated people. In politics, in industry and in social

organization we have not the wisdom to do the right thing in the right way. "Knowledge comes but wisdom lingers," and the great opportunities and possibilities of increased human happiness from increased knowledge have been lost through the lack of wisdom "to do the right thing in the right way at the right time." With all our material progress we have not sufficient intelligence or the will to utilize this material progress for the general welfare. Human intelligence has divined the origin of species, but the masses remain ignorant of the primary laws of health. Mothers bring children into the world, but are not taught how to rear them, and through maternal ignorance one-fifth of them die in infancy. The absence of refinement is manifested everywhere in the homes and lives of the masses, and the face of the earth is disfigured by the ugliness and squalor of our twentieth century towns. We may get some idea of how little increased knowledge has been utilized to increase the beauty and joy of existence if we contrast the view of a modern industrial town, with its dirty smoke-begrimed houses, narrow streets, heaps of refuse, ugly factories with their tall chimneys belching out their thick columns of black smoke polluting the air and obscuring the sun's fair face, with the splendour of a Greek city of two thousand years ago. The external conditions are a reflex of the mental state of the people. The railway bookstall, with its marvellous selection of current printed matter, is a perfect reflection of the popular intellectual mind.

The danger which Carlyle, Ruskin, and even to some extent Mazzini, feared from democracy has been

partly justified by the experience of the use of political power by the working classes since 1868. The bringing of a considerable number of working men into political power has certainly not realized the expectations of the working class leaders who expected much greater things than have been achieved from the enfranchisement of the people. Government by an autocracy is a danger and a tyranny. But the nominal government of an ignorant democracy may be a greater danger to the State than even the despotism of an autocracy. For behind the power of a nominally enfranchised democracy, there is no stronger force or restraining influence. The painful exhibitions of lack of political principle which we have seen during the last few years, the ease with which the populace can be swayed by a plausible politician, the influence over public opinion which is wielded by an unprincipled Press, the indifference of a large percentage of the electorate to the exercise of the franchise, the selection and election of persons with no qualifications to fill important positions in local administration and in Parliament, are evidences of the need for a better and truer education, an education which will teach the citizens to use their power wisely and well.

The early Socialist writers realized the importance of popular education. Robert Owen, in his Essay on "The Formation of Human Character," wrote these memorable words :

"The most important object to which the public mind can be directed is to a national proceeding for rationally forming the character of that immense mass

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of the population which is now allowed to be so formed as to fill the world with crimes."

That is still the most important object to which the public mind can be directed. It was forty years after Robert Owen made that appeal for a national system of education that the first meagre effort was made to provide by State organization for the education of the children of the working classes. There are some things which, if they are not done thoroughly, had almost as well not be done at all, and education is one of these things. During the last fifty years we have been spending an increasing, but still a sadly inadequate, number of millions a year on schools, but we have not got value for the sums that we have spent. There are two reasons for the comparative failure of our national education: first, the lack of thoroughness in doing the work; and second, what has been done has not been done in the right way. It might be regarded as an exaggerated statement to say that our people are not better educated than they were fifty years ago before the advent of the School Board system; but such a statement would embody a considerable amount of truth. We have more people who can read and write in a way, but our educational efforts have not achieved much in teaching the people "to do the right thing in the right way at the right time."

What educational progress has been made in this country has been due to the efforts of a few educational enthusiasts who have had to face tremendous difficulties and opposition. There has been that unwillingness of the governing classes to which Sir John

Gorst referred to educate the masses through fear that an educated working class might become a danger to their position. There has been an unwillingness on the part of the working class parents to make sacrifices for the education of their children, and there has been the baneful influence of sectarian warfare. The economic conditions of working class parents, who have themselves never been taught to appreciate the value of education, have been some excuse for their indifference to the education of their children. The parents' chief concern has been for their children to become money-earning instruments as soon as possible, and they have taken them away from school as soon as the law would permit, and at an age before an appreciation of and enthusiasm for education has been developed. In consequence, there was little desire on the part of the children to continue their education, and what little they had learnt was very quickly lost. Until quite recently the regulations were so framed that the brightest and most promising children could leave school at an earlier age for industrial employment, while the schooling of a dull child was extended for a year or two longer. These regulations sterilized the best soil and tried to plough the rocks and sands.

National education hitherto can hardly claim to have been a success. Until quite recently the education of nine-tenths of the working class children ceased at the age of thirteen or fourteen. A few were encouraged by their parents to continue their education at evening schools or technical classes, generally with unsatisfactory results. The training given in the elementary schools was so inefficient, and what

had been learnt there was so very quickly forgotten, that the children attending evening classes were not equipped to take advantage of the teaching provided there. It is impossible to work and educate a child at the same time. Children who have been at work in industrial occupations for eight or ten hours have not the alertness required for mental effort.

The evening school system was a despairing and futile endeavour to repair the insufficiency of the day school system. When children are taken away from the day school altogether and put to industrial work their whole outlook on life is changed. They regard themselves as having put away childish things, and as having entered upon a wage-earning career which is to be the absorbing business of their future lives. They had left the elementary school before they had become proficient in the use of the tools of education, and before a love of education for its own sake had been developed in them. The result of this is that as an equipment for good citizenship and industrial efficiency the years they spent at the elementary school were largely wasted, and the money spent upon elementary education brought no adequate return.

I have no desire to paint the failure of our educational system in too dark colours. For it must be admitted that there is another and brighter side of the picture. Though progress has been painfully and irritatingly slow to the educational enthusiasts, progress there has been, and the contrast between national education to-day and national education of even a generation ago shows something like a revolution for the better. The pernicious system of payment by results has gone; the curriculum of the

elementary school has been transformed; the pupil teacher (hardly older or better equipped than his scholars), in charge of a class of sixty, has disappeared; adult teachers, whose only essential qualification was age and respectability, no longer are permitted to commit the crime of attempting to teach; and the equipment of the schools has been vastly improved.

A great change has taken place, too, in the attitude of working class parents toward education, and there is a greater readiness to-day to make sacrifices to give their children a better start in life. There is much less of the former attitude expressed in the common saying that "what was good enough for me is good enough for my children," and this is being changed into a determination that "what was good enough for me shall not be good enough for my children." This change is particularly manifest among the better paid artisan class, and especially among the lower middle class. Some figures recently given by the London Educational Authorities will support this statement. In the middle class district of Lewisham 18.8 per thousand of the population are attending secondary schools, whereas in the poor district of Shoreditch the percentage is only 1.3 per thousand. This wide difference cannot be explained on the ground that the children of Lewisham have such a greater capacity for benefiting from continued education, but must be explained by the difference in the economic position of the parents in the respective districts. The results of this difference of educational opportunity between children living in different districts and brought up under different economic conditions will be shown in

after life. The children of Shoreditch will form the unskilled unemployable population of the next generation, and those of Lewisham the better paid and better equipped industrial and professional classes.

The Education Act of 1918 was the greatest step forward in educational reform that has taken place in this country. It attempted to deal with some of the glaring defects of national education which have been described. Its most valuable feature was the provision for keeping control of the children after they had ceased their full-time education at the day school. The provision in this respect was sadly inadequate it is true, but it created a plan capable of expansion and extension. The Continuation School is an attempt to meet some of the defects of the existing system. It recognizes that young persons cannot be educated if they are at the same time fully employed in industry. Its most valuable feature is that it avoids a break in the child's education when it ceases to be a full-time pupil at the day school. The Continuation School will keep the children under educational influences at the most critical period of their lives. Between fourteen and eighteen years of age is the time when the bent of a young person's future will be determined, and if an interest in education can be sustained during these years a love of education will have been developed which will be permanent. A youth whose education has been continued up to that age will have been so well grounded that the benefits of the education received will be lasting and a desire to continue to learn will have been deeply rooted.

Eight hours a week at a Continuation School between the ages of fourteen and eighteen cannot be

regarded as adequate or satisfactory. The age of fourteen is too young to launch a child upon the career of a wage-earning industrialist. We must aim at making sixteen the minimum age in every case when full-time attendance at school can cease. For the majority of children that is the age at which their future careers might be settled, and at which technical training for their vocation might begin. But training for an industrial or professional career must not at that early age absorb all the time and interest of our youth. Time must be devoted for a liberal education which will train and develop interest in wider things than a craft or a profession. For this purpose the Continuation School must provide time and facilities up to the age of eighteen at least, both for boys and girls. However well educated the whole population might become, it will always be necessary for a large proportion of it to be employed in industrial work. But there are few industries which need be of a monotonous and uninteresting character. When every workman is trained to understand the science and mechanics of his trade or the scientific reason for every operation he performs, an intellectual interest will be given to his work. It is not so much the character of the work which gives dignity to the workman as the character of the workman himself. And when educated men perform what is to-day regarded as work of drudgery the work will be raised to the dignity of the educated man.

The youth must not be a competitive wage-earner. The workshop for young persons must be changed from being a place where a livelihood is earned into a schoolroom where a trade or craft is learnt. Every

workshop must be equipped with highly qualified teachers who will superintend the training of the apprentices to the craft. The youth now enters an engineering or other shop and he is left to pick up a knowledge of the craft as best he can, it being nobody's special business to train and educate him. This industrial training cannot be left to the trades themselves, but must be organized upon a national plan with State supervision and State assistance, although the co-operation of the organized bodies of both the directors of industry and of the Trade Unions will be desirable and necessary.

Some plan will have to be devised for the regulation of the number of apprentices sent forward for training for each particular industry in order to avoid the expense and waste of time in training youths for employment in excess of the number which the needs of industry may be able to absorb, although the danger of a superabundance of skilled labour of a particular class will be lessened by the thorough training in the principles of mechanics rather than in specialization. Industrial and technical training will aim rather at making the youth into an all-round mechanic or craftsman, one who is able to turn intelligently from one kind of work to another, rather than to train him as an expert in one narrow province.

The Labour ideal of education is the broad and open highway from the elementary school, through the secondary school, to the university. But this does not mean that every boy and girl must go through to the university, or even complete a full course in a secondary school. It means that there should be no obstacle in the way of those who wish

to take a full secondary and university course. It is very probable that in the course of the development of educational facilities the present horizontal line between the different institutions for higher education will disappear. Instead of having institutions like the older universities where a liberal, rather than a specialized education is given, as the ideal of a complete and perfected education, beyond the secondary school there will be institutions of a specialized character devoted to training for the higher arts, crafts and professions.

If the workshop be made into the technical school for the training of youths, the character of the secondary school will be modified in consequence, and its curriculum will be confined to general education and not to specialized or vocational training. The Continuation School, too, in a developed educational system will partake of the same character, and its work will be devoted to developing character, imparting general knowledge, inculcating a desire for learning, and training the youth in their duties as citizens, and in self-development, rather than for an industrial or professional career.

Apart from the practical impossibility of giving a full university course to every young man and woman of the character of the present university course, it is not desirable that this should be done. It will be far more advantageous, both for the individual and the community to ensure that every youth gets the foundations of a sound general education and a full training for some trade or profession than that we should try to provide every youth with a university education in the sense in which that is understood

to-day. Our aim should be rather to bring the possibilities of a university education down to everybody than to take everybody up to the university. The Workers' Educational Association has pointed the way in which this can be done, and has shown that when a desire for learning has been created working men will never regard their education as being completed, and will take advantage of facilities for studying those subjects in which they are interested.

The next steps in educational reform are to lengthen the age of full-time attendance at school, to improve the quality of the education, and to increase largely, not necessarily the number of so-called secondary schools, but the facilities for obtaining a secondary school education. A secondary school education is the minimum equipment which can, in the interests of industrial efficiency and good citizenship, be given to every youth. This is not, or at any rate was not in 1913, the opinion of the Board of Education. Sir L. A. Selby Bigge, Secretary to the Board of Education, giving evidence before the Royal Commission on the Civil Service, said that "on the whole the Board are of opinion that the supply of secondary schools in urban districts is adequate, or in a fair way to become so." He guarded that remark, however, by saying that the provision for full-time education in advance of elementary education is inadequate, and he suggested more adequate provision for children between the ages of twelve and fifteen, which he thought might be met by an intermediate type of school with a curriculum based upon the idea that the school education of the child would end at fifteen.

Other educational experts who gave evidence before this Commission considered that only a small proportion of the children in the elementary schools would benefit by a secondary school education. Against any such assumption as this an earnest protest must be made. Mental capacity is not the special endowment of any social class, and if it be considered desirable to continue the school life of the children of well-to-do parents up to sixteen and eighteen years of age and beyond, it is equally desirable for the children of the poor, and it is indisputable that they would benefit from such an extension of their school life. The distinction which has been created between the elementary school and the secondary school is arbitrary and artificial. There were two main reasons for the establishment of the secondary school, the first being to give the parents who could afford to pay the high fees facilities for an extended school life for their children, and second, the ill-equipment of the teachers in the elementary schools for imparting knowledge beyond elementary education. The exclusive character of the secondary school is gradually breaking down. The scholarship system has enabled the brightest children from the elementary schools to enter the secondary schools; and the reduction of fees in secondary schools, and in some few cases their total abolition, has opened the door still wider to the children of the poorer classes, with results which have proved that a large proportion of the children in the elementary schools were capable of benefiting from an advanced education.

The question of the equipment of teachers is a

matter of vital importance, and when all teachers are men and women of wide culture and knowledge many of the difficulties of grading schools will disappear. Apart from the difficulty of providing accommodation in the elementary schools for children beyond the present age limit for such schools, a difficulty which can easily be overcome, there is no particular reason why what is now called a secondary school education should not be given in the schools where the majority of the children are still in the primary stage. A more highly qualified staff of teachers, a staff competent to give instruction beyond the elementary stage, would solve the difficulty of secondary education in rural areas, where, owing to geographical difficulties, it has been impossible for any large proportion of the children to attend special schools for secondary education.

The teaching profession must be made more attractive to men and women of enterprise and ability. The profession must offer the prospects of a remuneration at least equal to that of an unskilled labourer, which is hardly what the profession has offered in the past to the great majority of its members! The prizes in the teaching profession have been few and must always remain few, but it is necessary that every competent person in the teaching profession should be adequately remunerated, freed from worry about pecuniary matters, and provided with an income sufficient to support a good social position. The work of a teacher is certainly not less important in social utility than the work of a lawyer, doctor, architect or engineer, and it should be at least as well remunerated. The facilities for the training of teachers must be greatly increased, and Labour is

insistent upon an increase in the number of training colleges provided by the State and affiliated to the universities, in order to secure the most liberal education for the teachers of the nation's children.

A complete educational system will be concerned not merely with the mental, but also with the physical development of the children. In the last twenty years there has been an increased recognition that we cannot mentally educate children who are ill-fed, ill-nourished and suffering from diseases. The system of medical examination of school children is still perfunctory and inadequate. When the very great value to the community of the life of every child is fully realized every means will be employed to ensure that the child is provided with all it needs for its physical, as well as its mental development. In the school system of the New World the State doctor will be an important person. In the system of school hygiene which Sir George Newman has done so much to establish we have the skeleton of a physical education which is capable of infinite extension. The causes of the low physical condition of so large a part of the school population are beyond the control of the educational authority, and will remain so. But the education authorities can do much to deal with this serious evil by co-operation with the other social agencies, such as the Public Health Authorities and those responsible for protective and ameliorative industrial laws.

The plan of an ideal educational system cannot be sketched in detail far in advance. The important thing is to have a clear idea of the purpose to be achieved, and about the purpose there can be little

difference of opinion. Every human being is divine material to be made and moulded into the highest perfection, both physical and intellectual. We exaggerate differences in natural endowment. What we are apt to regard as the exceptional endowments of a favoured few are in the main due to differences of opportunity. The outstanding instances of men who have risen to distinction after battling with and overcoming adverse circumstances are but illustrations of the vast amount of latent ability and capacity which is never given the opportunity to develop and expand. No system of education will ever make every poet a Shakespeare, every painter a Turner, every engineer a Stephenson, every scientist a Priestley, every teacher an Arnold, every politician a Gladstone. But we shall never know how many latent geniuses of equal gifts have gone to their graves unknown through the lack of opportunity and environment, in which they might have developed their gifts.

But after all the object of social reform is not "to make more giants but to elevate the race," and to elevate the race the public mind must be directed to a national education aimed at forming the character of the young and giving to every individual the fullest opportunity to develop his capacities to the utmost. Surely John Ruskin was right when he wrote : "It is beyond the scope of the most sanguine thought to conceive how much misery and crime would be effaced from the world by persistence, even for a few years, in a system of education directed to raise the fittest into positions of influence, to give to every scale of intellect its natural sphere, and to every line of action its unquestioned principle."

That will be the educational ideal of the New Social Order. And if we desire the transition to that New Order to be peaceful and ordered, the intellects in positions of influence to-day must direct their efforts more energetically than ever to education. When we realize the supreme worth of the individual life, when we recognize the value of the individual life to the community, when we recognize the immeasurable loss which society suffers from the wasted life of a single individual, then we shall not provide with a lavish hand for instruments of destruction, but spend generously upon a system of education which will train the young "into the perfect exercise and kingly continence of their bodies and souls—by kindness, by watching, by warning, by precept, and by praise—but, above all, by example."

## CHAPTER XI

### THE DRINK PROBLEM

**A**T the Leeds Assizes in December, 1920, Mr. Justice Salter said: "Half the crime of the country is caused by drink, and it is indirectly responsible for a good part of the other half."

A social evil about which such a terrible statement as that can be made from the experience of a High Court judge is one that demands the serious consideration of the social reformer.

The drink evil is not the simple problem which many people appear to consider it to be. About its ruinous effects there can be no dispute. For centuries the State has realized that the traffic in intoxicating liquors is one which cannot be left unregulated without dire consequences to the community. During these centuries innumerable efforts have been made by legislation to regulate and control the issue of licences and the conduct of licensed premises. The fact that the drink traffic still remains a grave social curse is not a condemnation of the principle of public regulation, but of the inadequacy of the methods which have been adopted. Not only in Great Britain, but in every country in the world the drink traffic has been the subject of innumerable enactments and of many experiments directed to reducing its evils to a minimum.

It is unnecessary in this chapter to pile up evidence of the devastation and ruin wrought by

indulgence in intoxicating liquor. Nearly twenty years ago Labour Conference by resolution declared that "drink is a fruitful source of poverty, crime and lunacy." Many other serious counts might be added to this indictment of the traffic. A Departmental Committee on Physical Deterioration reported in 1913 that :

"The question of drink occupies a prominent place among the causes of degeneration. As a result of the evidence laid before them the Committee are convinced that the abuse of alcoholic stimulants is a most potent and deadly agent of physical deterioration."

Medical testimony declares that the drinking habits of parents is an important cause of mental deficiency in children. In a speech delivered in the House of Commons on December 10th, 1920, the Prime Minister said that we have in Great Britain a larger percentage of unfit than in any other country in the world. It is not suggested for a moment that drink is the only cause of this deplorable physical inefficiency, but that it is a most important one among others cannot be disputed. Nearly one-fourth of the male admissions to lunatic asylums are assigned to intemperance. The time of our police courts is largely occupied in trying men and women charged with drunkenness. Drinking, it is now admitted, seriously reduces the industrial efficiency of the workers, and it is the main discriminating agent in selecting men for unemployment.

The economic waste of the drink traffic is prodigious. The drink bill for the current year is esti-

mated to amount to nearly £500,000,000, a sum equal to one-third of the total national expenditure. This expenditure on drink figures out at £11 per head of the population of the United Kingdom. When we remember that this average assigns a per capita expenditure to women, children and teetotallers, some idea of the amount spent on intoxicants by the drinking part of the population may be imagined.

The expenditure upon intoxicating liquor is wholly economic waste. Drink is not necessary to sustain human life. On the contrary, it is one of the most potent agents in destroying it. Working class expenditure upon drink aggravates their poverty. Drinking is the greatest foe of social progress. Drinking is associated with a low ideal of social duty and responsibility. It numbs the intellectual faculties. It makes its victims content with miserable conditions and surroundings and destroys the desire for culture and refinement. Drinking is one of the difficulties in the way of better housing, for it diverts working class expenditure from providing more healthy and commodious dwellings to a vicious and degrading self-indulgence. This expenditure deprives the children of their rightful opportunities for education and industrial and professional training.

Of all the social evils drinking is the one which is most within the power of the individual to resist. Labour and Socialist writers and speakers were formerly disposed to minimize the individual aspect of the drink question, and to emphasize the economic and social causes. But in recent years there has been a welcome change in this respect, and both by personal example and by admonition many Trade Unions

and Labour leaders appeal to the manual workers to refrain from indulgence in intoxicants. It may be much more popular to ascribe the responsibility for the vices and indulgences of the workers to economic conditions of which they are the victims than to put the blame upon the workers themselves, but the courageous leader of the working classes is lacking in his duty if he fails to point out that the workers themselves, by exercising effort and self-restraint, may rid themselves of the curse which drinking is to their class. In Scotland in particular, in recent years organized Labour has taken a strong line upon the liquor question, and all the organized bodies of Labour, both industrial and political, have declared in favour of the total abolition of the liquor traffic. This decision has been reached because it is realized that the workers have a long and hard battle to fight, and handicapped as they are by industrial and social disadvantages which they cannot individually remove, it is all the more necessary for them to strenuously resist temptation to indulge in a practice which wastes their meagre means, ruins their minds and bodies and lessens their power to fight for better conditions.

But there is a social as well as an individual side of the drink problem. At one time some Socialists contended that drinking was wholly due to poverty, and that the abolition of poverty would achieve complete temperance reform. That is a position that cannot be maintained, and it has in recent years been abandoned. On the other hand, the temperance party, which at one time maintained that drinking was the main or the whole cause of poverty, have modified their position too. The controversy as to

whether drinking caused poverty or poverty caused drinking was a very foolish one, and just about as difficult to be dogmatic about as the question of whether a dog running down the street with a tin kettle tied to its tail runs because the kettle rattles or whether the kettle rattles because the dog runs. The fact is that drinking aggravates poverty and poverty leads to drinking.

The effective treatment of the drink problem, therefore, will be comprehensive. It will aim at reducing the temptation to drink, at strengthening the moral fibre of men and women, and at making the conditions of work and living more healthy and natural. The long hours of labour at strenuous work enfeebles the physical strength of the workers and tempts them to seek an artificial stimulant to their jaded condition in intoxicating liquor. Small and uncomfortable homes drive men to the more congenial rooms of a public-house. Confirmation of this was given some time ago by the chairman of the Bath Brewery Company, who, speaking to the shareholders about the decrease of drinking, said :

“He himself thought it was largely due to the better housing of the working classes. A man nowadays, instead of going home to a dirty, untidy cottage, full of children in one room, found his house was more comfortable.”

Bad housing enfeebles physical health and lessens the power of resistance to both disease and to the craving for stimulants. Abundant testimony might be given of the connexion between bad housing and drinking, but it will be sufficient to quote the observations of the Physical Degeneration Committee that

“every step gained towards the solution of the housing problem is something won for sobriety.” Since the Armistice there has been a deplorable increase in the number of convictions for drunkenness. The relaxation of war-time restrictions is no doubt responsible for this to a considerable extent, but the terrible overcrowding which now exists throughout the country has been a contributory cause.

The reduction of the hours of labour is a temperance reform of the first importance. Testimony to the beneficial results of a shorter working day is unanimous. We have already mentioned that the late Sir John Brunner stated (to the writer) that the adoption of shorter hours at their works had brought an immense change for the better. Formerly the time lost by the men through drink was very considerable. Before the adoption of the eight-hour system the time lost averaged 7.3 days per man per year. After the shorter day had been in operation for some time this loss had fallen to 0.3 days per man. The reduction of the hours of labour may not show beneficial effects immediately. Leisure is not idle time, but the opportunity for rational enjoyment, and it is the duty of the community to provide such opportunities for the employment of leisure, otherwise there will remain the temptation to find less desirable means of occupation. The ignorant, uneducated man in any social class has a very limited number of interests, and these generally not of an elevating character. It is such men as these that fall victims to indulgence in alcoholic liquor. The spread of education, with its widening outlook and increase of interests will do great things for temperance reform.

Temperance reformers have greatly stressed the existence of the public-houses as the chief encouragement to drinking. There is no doubt that this is an important factor in the drink problem. Proof of this is afforded by the results of the war-time reduction of the hours during which licensed premises were open. A large proportion of the people who drink moderately would never put themselves to much exertion to obtain liquor if the open door of the public-houses were not always offering a silent invitation to enter. Nothing in connexion with licensing statistics is more inconclusive than the relation between the number of licences and the convictions for drunkenness. By the arbitrary selection of special cases it can be proved from these statistics that the fewer the public-houses the larger is the number of convictions for drunkenness. Arrests for drunkenness are largely a matter of police control. But one indisputable conclusion can be drawn from an examination of the Licensing Statistics, and that is that there is much more drunkenness in the industrial centres than in the rural districts. The drink problem is therefore largely a question of dealing with it in densely populated areas. That renders its solution by the will of the people more difficult. The experience of local option, wherever it has been tried, has proved that it has succeeded much better in country districts and suburban areas than among congested town populations.

Having stated the nature of the drink problem, we will now proceed to consider practical proposals for dealing with it. Temperance reform has been materially affected by what has happened in many

great countries during the last six years. Two-thirds of the English-speaking people are to-day living under total prohibition. That is a fact of tremendous importance, and one which must have a great influence upon the course of temperance reform the world over. During the war, under the Tsarist régime, the public sale of liquor in Russia was prohibited, and this is one of the few good features of that despotism which the Bolsheviki have had the good sense not to alter. The way for prohibition in the United States had been prepared by a long and wide experience of Local Veto. Twelve years ago it was claimed that one-third of the population of that great country were living under local prohibition.

I cannot here enter into a lengthy controversy upon the question of whether prohibition in the United States during the short time it has been in operation has been successful or a failure. The statements of the liquor party on this matter cannot be regarded as impartial and unprejudiced. Temperance people, on the other hand, have no personal interest in misrepresenting the facts. But it is not necessary to take the testimony of partisans of either side upon this matter. Abundant testimony from official sources is available to prove the great benefits, both economic and social, which have already accrued from the closing of the saloons over the vast area from New York to San Francisco. Attempts to evade the Prohibition law will of course be made until the drink appetite has been completely eradicated; but actual breaches of the law cannot be regarded as a reason for the abolition of the law and a relapse into a condition of licences. The main reason which induced

the United States to go dry was a recognition of the necessity of raising industrial and economic efficiency. A nation with a sober industrial population, one which does not waste a considerable part of its resources on a demoralizing and efficiency-destroying traffic, will be in a position of immense advantage in the matter of economical production.

The adoption of Prohibition by the most virile populations in the world will, apart from other considerations, compel Great Britain and other backward countries to seriously consider this example. From being the cause of a fanatical minority Prohibition has now become a question of practical politics in every industrial country.

For some years before the outbreak of war Labour opinion in Great Britain had been moving towards the State purchase and control of the liquor traffic as the most practical and effective means of eliminating its evils. But the progress of Prohibition during the last few years, and doubts about the efficacy of State control of the liquor traffic, have led to a modification of Labour opinion. At the Labour Party Conference held at Scarborough in June, 1920, the controversy between State Purchase and Local Option was brought to a definite issue. A resolution calling upon the Government in its forthcoming legislation to acquire the liquor interests in England and Wales at not more than pre-war values, was rejected by 1,672,000 against 1,352,000 votes. A resolution was then submitted which it might be well to quote in full, as this now expresses the official policy of the British Labour party on the drink question :

“That this Conference, believing that the liquor

traffic is a trade in respect of which the people as a whole must assert full and unfettered power in accordance with local opinion, demands for this purpose that the locality should have conferred upon them facilities :

(a) To prohibit the sale of liquor within their own boundaries;

(b) To reduce the number of licences and to regulate the conditions under which they may be held; and

(c) If localities decide that licences shall be granted to determine whether such licences shall be under private or public control."

On a card vote the resolution was carried by 2,300,000 votes against 623,000, the minority consisting mainly of irreconcilable supporters of State Purchase.

The advocates of Local Option are fully aware of the weaknesses and shortcomings of this way of dealing with the liquor traffic. But it has many advantages, chief among which is its educational value. The polls on Local Option compel the public to take an interest in this question. The adoption of Local Veto in certain districts provides object lessons of the social benefits which follow the abolition of the drinking saloon. It is doubtful if National Prohibition would have been practical in the United States or Canada if it had not been preceded by a long period of experience of the benefits of Local Prohibition. Local Option is a democratic method of dealing with the liquor traffic. It has the advantage of being adaptable to local conditions, and of providing the means of reducing the number of public-houses with

the growth of temperance sentiment in a district. The case against Local Option is rather a practical than an abstract one. It is urged with some authority that Local Option would be operative only in those areas where there was little drinking, and would fail to deal with the problem in the districts where the evil mainly exists. It is further pointed out that where the area of Local Prohibition is small, and this area is surrounded by "wet" districts, the effect will be to make the "wet" districts more drunken still. Both these difficulties, however, can be overcome, or at least reduced to minute dimensions, by making the area wide.

The weakness of the Scottish Temperance Act lies in taking the pollings in wards and boroughs. At the first elections held under this Act in the autumn of 1920 the number of votes cast for "No Licence" in Glasgow was 141,327, for "Reduction of Licences" 8,449, and for "No Change" 183,560. The net result, however, owing to the votes being taken in wards, was that "No Licence" was carried in four wards, and "Limitation" in nine. If Glasgow had polled as one unit and the votes had been recorded in the same way, there would have been no change over the whole city. But the really wonderful vote recorded for "No Licence" on the first occasion is full of encouragement for the friends of temperance, and it is a matter upon which opinion may properly differ as to whether it is better to retain the present divided areas in a large unit which has given these small practical results, or to work for the widening of the Local Option area in the hope that persistent educational work would quickly secure complete Pro-

hibition over the whole area. In view of the fact that Local Prohibition over a very small area can never be wholly effective, I think the ultimate advantage could be more quickly obtained by making the area at the outset co-extensive with the social unit.

The right of a people to determine whether licensed premises should exist in their midst or not has long been admitted in the licensing system of Great Britain, but instead of this right being exercised directly by the inhabitants, it has been exercised by licensing magistrates who are supposed to represent the people. The licensing magistrates themselves possess complete power to refuse applications for new licences, and until Mr. Balfour's Licensing Act was passed they had the right to withdraw licences on the ground that they were no longer needed. Local Option is giving to the people the right to decide whether licences shall be granted, and the number of licences to be issued, by their direct votes upon the issue. Local Option confers upon the people the right to deal with a matter in which their interests are vitally concerned.

Local Option is much more than Local Veto. Local Option as defined in the resolution of the Labour Party Conference quoted above, gives the people the choice of three courses, namely, the suppression of all licences within the defined area, the reduction of the number of licences, and the right to determine whether the licences shall be under private or public control. No complaint against Local Option as just defined can be sustained on the ground that it is undemocratic. The argument that the prohibition of the liquor traffic, whether by a local or national

veto, is an unwarrantable interference with personal freedom can only be maintained by an admission that the majority of the community have no right to protect themselves against an evil which is manifestly destructive. The right of the community to prohibit the sale of intoxicating liquor is fully in harmony with innumerable Acts of prohibitive legislation. It is universally accepted that the State has a right to restrict or prohibit acts or conduct on the part of individuals which are manifestly injurious to the individual or the community. The law which makes an attempt at suicide a penal offence is based upon the fact that an individual's life is not wholly his own to regulate or destroy according to his own desires. The Public Health Acts impose penalties for the violation of sanitary laws. Personal freedom is restricted in a thousand ways by law for personal and public welfare. We have only to establish the fact that the sale and consumption of intoxicating liquor are harmful to individuals for the community to be justified by the accepted principles of legislation in interfering with personal freedom to the extent of prohibiting its sale and consumption. The community has to bear the loss of human life and the cost of dealing with the crime and suffering caused by the traffic, and it surely has a right, therefore, to protect itself against these evils by prohibiting the sale and consumption of the commodities which cause them.

Legislation can never be effective unless it is in accord with public opinion, and this is particularly the case where legislation interferes with long-established personal habits. The great virtue of Local

Option by the democratic vote lies in the fact that any of the options must have the support of public opinion. To ensure the support of public opinion for Prohibition it is important that the majority favouring this plan should be fairly considerable; and for the suppression of all licences, but not for a reduction or for the veto upon applications for new licences, more than a bare majority of the electors should be necessary. Local Option carried by a small majority would leave the matter unsettled. The large minority would feel that the interference with their freedom was unjust. The agitation for the reversal of the decision would be continued, and the operation of the Local Veto would be ineffective.

If we are to wait in Great Britain until a large majority of the people are converted to Local or National Prohibition we may have to wait a considerable time. But there is a large volume of public opinion which is not yet prepared to adopt Prohibition, but which realizes that reforms are urgently required to lessen the evils of intemperance. A Local Option measure must be accompanied by other temperance reforms, and liquor control during the war has provided some extremely useful experiences which show that much may yet be done by regulation to reduce intemperance.

The Liquor Control Board had conferred upon it by Parliament extensive powers for the regulation of the sale of intoxicating liquors. The main provisions of the Orders made by the Board may be broadly described in the following terms :

1. The hours for the sale of intoxicating liquor

for consumption on the premises were restricted on weekdays to two and a half hours in the middle of the day, and to three hours in the evening.

2. The off-sales of spirits were subject to additional restrictions and were prohibited on Saturdays and Sundays, and after the midday period on other days.

3. Treating and credit sales, subject to certain minor exceptions, were absolutely forbidden.

4. Clubs as well as licensed premises were made subject to the restrictions.

5. Permission was given to reduce the strength of spirits by dilution to a much greater extent than was allowed by the general law.

The effect of these restrictions in diminishing drunkenness has been very remarkable, and the Board claim that they have also been very effective in reducing to a minimum the inefficiency which may be caused either by drunkenness or by drinking, which, though not amounting to drunkenness, is very harmful. The remarkable reduction in the number of convictions for drunkenness in all the police areas where the Board's regulations were operative was not due altogether, it must be admitted, to the operation of the restrictions, for during a part of the time these regulations were enforced there was a considerable restriction in the output of beer and spirits. But making every allowance for that, the fact remains that the Board's regulations had a remarkable effect in diminishing drunkenness.

The testimony of the Commissioner of Police for the Metropolis, which is typical of evidence supplied

by the Chief Constables throughout Great Britain, may be quoted to support this statement. He says :

“In 1913 the convictions for drunkenness in the Metropolitan police district amounted to 64,617, and in 1914 they amounted to 67,103, and in 1917 (that is, after two years of the operation of the Board's regulations) they were 16,567. The significance of these figures will be enhanced by any one reflecting that hundreds of thousands of soldiers from the front have returned to, or passed through London, on a brief holiday, and in conditions which might well have condoned a temporary lapse from sobriety. The experienced Superintendents who are in charge of the twenty-one divisions making up the police district, attribute this decrease of 75 per cent. in the statistics of drunkenness to the operation of a variety of causes, namely, the working of the Liquor Central Control Board's Orders with respect to restricted hours of sale, treating and their restrictions on the sale of liquor, the diminution in alcoholic strength of those beverages and also their greater cost to the consumer.”

The figures of reduced convictions for drunkenness in the London police areas were paralleled by those of Birmingham, Liverpool, Manchester, Glasgow, and other large towns. Taking the whole of the areas in Great Britain under the Board's regulations, the weekly average of convictions for drunkenness fell from 5,956 for the four weeks before the regulations were imposed to 1,200 for the four weeks ending March 24th, 1918.

The beneficial result of the more stringent regula-

tion of the liquor traffic in the controlled areas is not confined to the reduction in the number of convictions for drunkenness. The purpose of the Board in limiting the sale of intoxicating liquor to a few hours at noon and in the evening was to discourage continuous drinking and drinking between meals. This policy was based on the assumption that drinking at frequent intervals throughout the day, especially during working hours, is the chief cause of the most serious evils of alcoholism. The effect of the restrictions of the hours of sale was very soon manifest in the figures relating to delirium tremens and deaths from chronic alcoholism. In the year before the regulations were put in force the number of cases of delirium tremens treated in Poor Law infirmaries in Liverpool was 421. In 1916-17 the number had fallen to 99. The figures in other areas show similar results. The number of deaths certified to be from excessive drinking fell in Liverpool during the same period from 108 to 54. For England and Wales the deaths certified as due to, or connected with, alcoholism fell, after two years' operation of the regulations, from 680 to 222; the cases of attempted suicide from 1,049 to 452, and deaths from suffocation of infants under one year from 1,233 to 704.

If the object of temperance reform be to reduce drunkenness and its evils, then the results accruing from the work of the Liquor Control Board provide first-class material for the temperance reformer. This experience points to certain definite conclusions :

1. That the time during which public-houses were open for the sale of intoxicating liquor in pre-war

days was much too long, and was a direct encouragement to excessive drinking.

2. That the reduction of the strength of alcoholic liquors, though it may not lessen the volume of consumption, does lessen the bad effect of drinking.

3. That the stricter regulation of off-sales and clubs is very necessary as a permanent thing.

When the question of temperance legislation comes before Parliament the results of the regulations imposed by the Control Board must be taken into consideration, and such of them as have undoubtedly proved beneficial should be embodied in permanent legislation.

The lesson to be learnt from the Board's work is that up to the outbreak of war the regulation of the liquor traffic had not been so effective as it might have been, and that by lessening the facilities for obtaining liquor drunkenness may be greatly diminished. These lessons are enforced by the regrettable relapse to insobriety which followed the partial modification of the regulations in 1919 and 1920.

The Temperance Council of the Christian Churches of England and Wales have drawn up a programme which appears to me to embody the essential points of practical temperance reform. These are:

1. Sunday closing.
2. Restriction of hours for the sale of drink on weekdays.
3. Reduction of the number of licensed premises.
4. Increased powers for Local Licensing Authori-

ties, to be exercised under a central co-ordinating authority.

5. Control of Clubs.

6. The abolition of Grocers' licences.

7. The prohibition of the sale of intoxicating liquor to young persons.

8. Local Option. (The Council defines Local Option as "The right of a locality to vote on the three options: No Change, Reduction, No Licence.")

9. The provision of alternatives to the liquor tavern for non-alcoholic refreshments, recreation and social intercourse.

In view of what has already been written upon some of the points of this programme, it is only necessary to say a few words about two or three of them. Sunday closing is a reform for which I believe the country has long been ripe. The arguments in favour of it are many and varied. Sunday should be a day of rest for physical recuperation for the work of the following week, as well as for dedication to the more excellent things of life. Facilities for Sunday drinking tempt many to abuse this period of rest, and modern means for getting into the country, admirable and desirable as they are, lead to excessive drinking and render workmen unfit to begin their work on Monday morning. Investigations made by the writer about twelve years ago into the prevalence of absenteeism on Monday mornings due to Sunday drinking brought out the fact, on the testimony of many large employers and Trade Union leaders, that there had been in the previous twenty years considerable improvement in this matter, but that this was due

mainly to more stringent workshop discipline, workmen incurring a much greater risk than formerly of losing their jobs through absenteeism. No one acquainted with the operation of Sunday closing in Scotland and Wales will deny its beneficial results.

Perhaps the greatest mistake in Licensing Legislation was the licensing of shops for the off-sale of liquor. Testimony is unanimous that these facilities have had a disastrous effect, especially in encouraging drinking among women, and one of the first acts of the Liquor Control Board, when it acquired the monopoly of the licensed trade in Carlisle was to abolish this class of licence. The sale of liquor under such licences cannot be effectively supervised by the police. The abolition of all such licences is necessary if the traffic is to be effectively controlled.

The question of licensed clubs is one of the most difficult problems in temperance reform. The political influence of these clubs, of which there are thousands in England and Wales, is tremendous, and members of Parliament and Parliamentary candidates tremble before their power. Some of these clubs are admirably conducted, and the sale of liquor has a very subordinate place in their activities. Unfortunately there are many others which exist solely for drinking purposes, and the evils associated with them are greater than those arising from the ordinary public-house. No temperance legislation can be effective which does not deal drastically with this evil. Police supervision of clubs is very difficult, and members naturally resent intrusion into what they claim to be their own private premises. A Local Option measure, if it is to be effective, will have to give to the com-

munity the right to prohibit the sale of liquor in clubs, otherwise the closing of public-houses would be quite ineffective. The good which might have come from the closing of public-houses by the Licensing Magistrates has frequently been nullified by the opening of a drinking club in the same premises. The present licensing laws are based upon the assumption that the sale of liquor must be kept under strict control, and its practically unrestricted sale in clubs is opposed to the whole theory of licensing reform. The argument of interference with individual liberty has no force in this connexion. No individual, and no number of individuals in association, can claim to enjoy a privilege to perpetuate a traffic which the large majority of the community has condemned.

Temperance reform must not be merely negative and restrictive. I have already pointed out that better housing, shorter hours of labour, and education are good temperance reforms. The social instinct must be catered for. Facilities must be provided to take the place of public-houses as places of social intercourse. Something has already been done to provide counter-attractions to the public-house, but much more is required. Places for obtaining meals and refreshments where no alcoholic liquors are sold are now fairly abundant, both in town and country. But something more than this is needed. We require more places where young men and young women and old men and old maids can associate together for social enjoyment and recreation, free from the temptation of alcoholic indulgence. The provision of such facilities should be imposed upon the municipal

bodies. It is just as important to provide indoor recreation as it is to provide parks, recreation grounds and open-air concerts. This would be really remunerative enterprise. It is important that such places should be attractive and elevating in their character. Such centres of social intercourse would have indirectly a beneficial influence in raising the working class ideal of home comfort. Working class people too often tolerate sordid conditions because they have no experience of anything better. Give them a taste of the higher culture and their appetites will be whetted, and they will demand all-round satisfaction.

In the threefold Option demanded in the resolution of the Labour Party Conference, quoted on a previous page, is a provision for the people determining where licences remain, whether they shall be in public or private hands. This gives the option of public ownership and control. The support for State ownership and control of the liquor traffic has undoubtedly gained strength in recent years, and the vote in favour of this method given at the Labour Party Conference is evidence of considerable support behind this demand. The writer was for many years a strong protagonist of the public ownership and control of the liquor traffic. But he has been led to modify his views, mainly as the result of three things which have happened during the last five or six years. These things are the remarkable advance of Prohibition among the English-speaking peoples, his experience of the benefits accruing from the war-time restriction of the traffic, and the post-war financial position of the country.

If there were no likelihood of the movement for Prohibition extending to Great Britain, and if it were certain that the liquor traffic in one form or another would be indefinitely continued, then I would continue to advocate the public ownership and control of the traffic as being preferable to its continuance under private ownership and control. But I am convinced that public opinion in Great Britain will, before long, be profoundly impressed by the example of Prohibition among the population of a hundred and twenty millions of English-speaking people on the other side of the Atlantic. This belief is greatly strengthened by the fact that in Scotland on the first occasion on which the question of Prohibition has been submitted to the people no less than 461,396 votes were cast in favour of Prohibition to 739,810 votes against it. When there is a reasonable expectation, such as these figures undoubtedly supply, that in a reasonable time Great Britain will adopt Prohibition, I consider it would be a retrograde step to turn the demand from Prohibition to State Purchase. If the reforms which have already been put forward were adopted, I believe that the evils now associated with drinking would be reduced to a minimum, and the minimum of evil remaining might be tolerated until such time as the votes of the people swept away the traffic altogether.

There is no political party in Great Britain which has put the State ownership of the liquor traffic in its programme. Mr. Lloyd George was at one time in favour of such a scheme. In the early months of the war he appointed a Committee, of which the writer was a member, to examine the financial side of

State Purchase. It was understood at that time that he had secured the support of the Cabinet and many influential brewers. But it afterwards transpired that he had over-estimated the strength of the support behind him, and the scheme was abandoned. The Liquor Control Board, as a war-time measure, acquired the ownership of the whole liquor trade in the Carlisle district, and in two or three other small areas in Scotland. Opinions differ as to the measure of success which has been achieved by this experiment in public ownership and control. But I think it would be a fair estimate of the results to say that while the traffic in these areas is conducted better than it was under private ownership, it has not achieved the whole measure of success which its supporters claim for it, nor which were anticipated from such a scheme. The Board has considerably reduced the number of public-houses in the area, has remodelled and improved many of those which remain, and has introduced into some of these places counter-attractions to drinking. But it has not succeeded in materially reducing the aggregate consumption of liquor, nor the number of convictions for drunkenness. Incidentally this experiment has given support to what I always recognized to be an argument of weight against the public ownership of the liquor traffic, namely, the danger of substituting a public cupidity for a private interest.

This danger has been greatly increased by the post-war financial position of the country. It is argued by the supporters of State Purchase that the revenue which the State has received from liquor taxation in the past has never stood in the way of licensing reform. I am not quite sure of that. It may

be true that this argument of the loss of revenue from a reduction of the consumption of liquor has not figured prominently in the opposition to temperance reform. But I am inclined to believe that it has influenced voters to no small extent. I went through one campaign in New Zealand for national Prohibition, and the argument of the loss of revenue by Prohibition was the principal argument used by the liquor trade, and I am certain that it had enormous influence in securing votes against "No Licence."

But this argument against the loss of revenue by Prohibition would have far greater appealing force if it were a question of the State sacrificing, say, a thousand millions of money by Prohibition, which it had invested in that trade. The cost of acquiring the whole of the liquor trade in Great Britain would probably not be far short of the figure just mentioned. The Liquor Trade Finance Committees which examined the financial side of State Purchase in 1918 estimated that the cost of acquisition would appear to be something more than £400,000,000, but substantially less than £500,000,000. It should be noted, however, that this estimate did not include hotels and semi-border line interests, nor the businesses of wholesale dealers, malters and allied trades. Since this Report was issued the value of the ordinary shares of breweries has increased, and it is quite certain that if the liquor trade were acquired by the State, the cost would be considerably higher than the figure given by these Committees. No one who has had experience of the way in which the final cost invariably exceeds estimates can doubt that the cost

of acquiring the liquor trade on present valuations would not fall far short of £1,000,000,000.

Is it conceivable that in the present financial embarrassment of the nation the investment of this huge sum by the public would not create a vested interest, which would be inimical to temperance reform, and that if the power of Local Veto were in the hands of the community it would be exercised to the same extent as it would if its enforcement did not involve this enormous financial sacrifice from the community?

The right line to follow, therefore, seems to me to be, first of all, to try Local Option with a short time limit. That would be treating the trade more considerately than it was treated in the United States and Canada, where neither time limit nor monetary compensation was recognized. A few years of the operation of Local Option, accompanied by the other reforms which have been advocated, would show whether or not the liquor trade was likely to remain in certain districts indefinitely. The popular vote could then decide whether what remained of the traffic should be placed under public ownership and control. If it were so decided the force of the objection raised in the previous paragraph, namely, that of sacrificing a huge financial interest, would not have so much weight, because the amount involved would be considerably less, and it would not fall proportionately so heavily on the districts under State ownership if they decided to veto the traffic.

The drink question, as I have tried to point out, is a part of the industrial and social problem. In so far as we elevate the ideals of the people, lessen the strenuousness of commercial and industrial life, im-

prove the surroundings of the poor, increase their leisure and provide rational enjoyment, we shall be working effectively for temperance reform. At the same time a great deal may be done by lessening the temptations which the existence of too many public-houses offers, and by not neglecting the fruitful field of personal appeal and personal effort. The ravages of the drink evil are so terrible and so widespread that every teacher, preacher and social reformer should make it a part of his work to spread knowledge of the destructive effects of drinking, and by example, precept and help try to save the unknowing and weak from falling victims to this awful curse.

## CHAPTER XII

### IMPERIALISM AND INTERNATIONALISM

**N**ATIONAL reconstruction is impossible without a sane foreign policy. We cannot at the same time be devoting our energies and resources to the prosecution of foreign wars and carrying forward schemes of social reform at home. Peace abroad is an essential condition of prosperity at home.

The commercial policy of the industrial nations is the prime cause of militarism and war. The capitalist system must of necessity be constantly seeking new markets for exploitation. Hence a capitalist country must be an imperialist nation. Economic pressure urges capitalism to be constantly seeking fresh markets and new sources of raw materials. Though trade is carried on, not by States, but by individuals within States, economic competition more and more forces States to become the agents of capitalist interests. Armies and navies exist in the main for the protection of the economic interests of the capitalists of the different States. The fiscal policy of a country is determined mainly by commercial considerations, and is directed to serve the supposed interests of the commercial classes.

The notion has arisen that territorial conquest, and the political and economic control of the conquered territories, are a commercial advantage to the ruling State. In this belief the foreign policy of the commercial countries for fifty years before the

outbreak of the Great War had been directed to the acquisition of territory in the undeveloped regions of the world. Arising out of this policy these countries had created great military and naval forces for the protection of their positions and the extension of their empires. In 1914 the area of British dependencies was 5,091,000 square miles, with a population of 369,000,000. France owned nearly one-half of Africa, and over 300,000 square miles in Asia. International commercial rivalry led Governments to enter into secret treaties to secure for their nationals the exclusive rights of exploitation of helpless populations, dividing the spoils among themselves. This policy divided the nations into rival groups, and led directly to the Great War. Every modern war can be traced directly to commercial causes. It has been either provoked by a powerful commercial nation against a weak and backward people for the purpose of seizing their territory, or it has been a war provoked by the rivalry of great commercial States. Empire is the spoils of war, plunder and violation.

Though the desire for commercial exploitation is the prime purpose of Imperialism, other motives have played their part. The spirit of adventure, and the desire to spread the "blessings" of European civilization and religion have not been altogether absent; but behind the pioneer and the missionary has been the sinister figure of the capitalist and financier. National pride, too, has played its part in Imperialism; and the openings which Imperialism has given for careers for Civil Servants and in the military and naval services have encouraged the policy.

Just as war can never gain popular support unless it be represented as a holy crusade, so Imperialism has been advocated and defended as a great civilizing policy. National pride and conceit have been exploited to serve sordid commercial and financial interests. At the time of the South African War Mr. Balfour defended Imperialism on the ground that "it is the very sacred duty of British statesmen to help on the extension of our Empire, because upon the extension of British rule, more than upon anything else, the progress of the world depends." Lord Rosebery, Mr. Asquith and other Imperialist statesmen have given expression to similar sentiments. Mr. Asquith has justified Imperialist expansion on the ground that "we rule not by brute force, but we base our claim to Empire on the work we do, the benefits we confer, and on association with those we come in contact with as conquerors in working out for themselves a better social ideal." Lord Rosebery has told us that "the Empire stands for the noblest example yet known to mankind of free, adaptable and just government; and wherever the foot of Great Britain has trod, wherever her flag has been planted, it has meant the upholding of peace, justice and fair dealing in civilization and religion."

The records of the Imperialist policy of the European countries are the answer to Lord Rosebery's attempt to justify Imperialism. The serious unrest in India, in Egypt and in Ireland, and indeed in every part of the British Empire where we rule a large native population, makes a cynical comment upon Lord Rosebery's statement that "wherever the British flag has been planted it has meant the up-

holding of peace, justice and fair dealing in civilization and religion."

There is all the difference between a policy of Imperialism carried out by methods of conquest and in the interests of commercialism, and a policy of unselfish help to less advanced peoples to raise themselves in the scale of civilization. Territorial conquest by the sword, and the assumption of the political government and administration of a foreign land must result in the stamping of the national characteristics of the conquering nation on the subject peoples. It is not a good thing for the progress of civilization that a few Great Powers should have dominion over all land and sea, and should impress its form of government, its racial characteristics, its national individuality on every nation on the earth. It is by the free intercourse of different natures, of different types of different ideals, of different civilizations that progress is made. Climate, the geographical nature of a country, are important influences in forming national character, which becomes reflected, when the people are free, in the government, institutions and culture of the people. It is an incalculable loss to civilization to destroy forms of culture which have been developed because they are most suitable for the environment of a race. Imperialism, actuated by commercial interests, cannot be expected to give consideration to the national character and institutions of a conquered country when these stand in the way of its exploitation.

Imperialism has a baneful influence on the character of the nation which pursues such a policy. The relations between the conquerors and the subjects

can never be other than those of lord and serf. Arrogance towards a subject people is developed, and this is fatal to a form of government which will help the conquered to work out for themselves a better social ideal. Every page in the history of Imperialism provides material in support of that conclusion. Very much was written during the war to prove that the character of the German people had been changed by the influence of the Imperialist spirit which seized them fifty years ago, and had since then inspired their national and international policy. But if the evil effects of the lust for domination are in proportion to the extent to which it is gratified, then Great Britain and France, as the two greatest Imperialist nations, must have suffered in character through such a policy to a greater extent than any other nations. Much evidence might be quoted to prove that such is the fact. However high may be the professions of those who pursue a policy of Imperialism, they find themselves unable to give effect to their lofty ideals through the conditions in which their work is carried on. The terrible atrocities of the Congo, slavery and forced labour in other parts of Africa, Denshawi and Amritsar are not mere incidents of Imperialism, but are the inevitable outcome of the contact of a conquering race with a subject people, when the motive inspiring the conquest is the exploitation of the conquered country and its people for the economic benefit of the conquerors.

Popular support to a policy of Imperialism has been given not only because such a policy gratified national pride, but through ignorance of the fact that the interests of a nation are not identical with the

interests of selfish individuals and classes within that nation. Imperialism undoubtedly has been to the economic and financial advantage of certain classes, who have been able to enrich themselves from the spoils of Imperialism. But such individual or class gains have been obtained at the expense of national well-being. The foreign policy of a country, in so far as it is the agent of financial and commercial interests, is anti-national. It is serving, not the best interests of the nation, but the interests of special classes. The results of the war, and the present state of Europe give overwhelming proof of the truth of that statement. The war was undoubtedly Imperialist in its origin and its aim. That statement will not be disputed even by those who gave their support to the Allied cause in the belief that the responsibility for the war rested wholly on the Central Powers. The Allied case against Germany was that she had been preparing through long years for the Imperial domination of the world. For the purpose of my present argument it is not necessary to debate the question of the responsibility for the war. It is sufficient to show that wherever the responsibility lay, or however it was divided, its origin lay in commercial and economic rivalry, and in the competition of rival Governments, acting as the agents of commercial and financial interests, to secure territory for economic exploitation.

The war itself and the present state of Europe, as I have said, provide the answer to the question whether Imperialism is a benefit to the people of any country. The Great War for Imperial domination has involved a direct loss of life which is estimated

at twelve millions; and if to the direct casualties there be added the loss of civilian life through famine, disease and massacre, the figure could hardly be less than twenty millions. The cost of the war in material wealth cannot be estimated. It has left every belligerent country with a colossal debt, and with an intolerable burden of taxation. It has ruined the economic life of two-thirds of Europe, and to-day threatens, unless supreme efforts are made to avert it, to engulf the remaining one-third in a like catastrophe. A few people in each country have enriched themselves at the expense of the suffering, starvation and ruin of the rest. In Great Britain the present army of a million unemployed workers testify to the benefits and glory of Imperialism!

These are some of the fruits of a policy of Imperialism. If the extension of Empire brought benefits to a nation in proportion to the extension of its territory, we should have expected to see the condition of the British people improving with the growth of its Imperial domination. But such has not been the case. The industrial and social condition of the masses in Great Britain, before the outbreak of the Great War, was not superior to that of the people of small nations which had no dominions and dependencies from which they could draw tribute. If in any respect the condition of the British people was in advance of that of non-Imperialist countries, it was not due to gain from our Empire, but to the special commercial advantages derived from our coal supply and the manufactures which had been built upon it.

The facts which have been given in previous

chapters of this book about pre-war wages, working hours, housing, unemployment and physical health refute the claim that the masses of the British people have derived any advantage whatever from their vast Imperial dominions. We are the greatest Empire in history, holding domination over one-third of the population of the earth—and we are, says Mr. Lloyd George, “a C3 nation.” If Empire brought advantages to a people, Great Britain surely has an Empire large enough to have made every inhabitant into a millionaire. A country’s greatness does not consist in the extent of its territorial dominion. On the contrary, Imperialism diverts attention and energy to seeking wealth and prosperity from abroad for a small class instead of concentrating effort upon the development of the potential market at home. Before the war three-quarters of the output of the looms of Lancashire was sent to foreign countries, while at the same time nine-tenths of the population of our own country were inadequately supplied with cotton goods.

Empire, instead of being a commercial and financial advantage to a country, is a decided disadvantage. The pursuit of such a policy necessitates the maintenance of great and expensive armies and navies, which are a drain upon the wealth of the country. The maintenance of an Empire, and the pursuit of an Imperialist policy, withdraws men from useful work to the unproductive and destructive profession of arms. Such a policy leads to the creation of arsenals and workshops where enormous capital is employed and vast armies of men are engaged in producing the implements of war.

Imperialism before the war had given rise to great capitalist undertakings which made their profit out of the production of war materials, and whose continued existence depended upon keeping alive international jealousies and fomenting international quarrels. Lord Welby, a former Secretary to the Treasury, speaking on this subject said :

“We are in the hands of an organization of crooks. They are politicians, generals, manufacturers of armaments and journalists. All of them are anxious for unlimited expenditure and go on inventing scares to terrify the public and to terrify Ministers of the Crown.”

During the war when it was the fashion to shut our eyes to every evil in our own midst, and to regard militarism and Imperialism as being evils confined to the Central Powers, and quite unknown in Britain, France and Russia, nothing was heard of the pre-war activities of the British Armament Ring, which had its ramifications in nearly every country in the world, and from whose workshops and shipyards nations on each side in the Great War had been supplied with warships and munitions.

Unless the facts are known and remembered, and unless nations take this sordid and gigantic business by the throat and throttle it, there will be no permanent peace, and there will be no substantial reduction in the international expenditure on armaments. We must not underestimate the tremendous difficulty of dealing with such widespread and powerful interests as this trade and manufacture of war materials. It is already reported that French interests, by the aid of the French Government, have acquired the

armament works in Poland and Czecho-Slovakia; and the campaign which is now being carried on in the Press of the Allied countries for increased naval expenditure is without doubt instigated by the agents of the armament interests.

The amount of capital employed in this business is enormous. The dividends are distributed amongst hundreds of thousands of persons, each of whom has a selfish interest in opposing peace. The trade employs its own diplomatic service to foment scares and to excite fears and jealousies among the nations; it spends money in corrupting the Press; it entices men into its service who are able to influence Government policy; it employs hundreds of thousands of workmen, who regard their livelihood as being dependent upon the maintenance of this trade; directors and shareholders in these firms are to be found by the score among members of Parliament, and even among members of every European Government.

At the outbreak of war there were twelve British armament firms which had an aggregate capital of £44,169,000. The open relations between these firms is of the closest character. It is not maintained, of course, that the whole business of these firms is in the production of war materials; but in addition to these great concerns there are hundreds of smaller firms who are directly or indirectly interested in this trade. I am referring, of course, to normal times and not to the exceptional circumstances of war time.

It will be a modest estimate to put the British capital ordinarily employed in strictly armament business at £70,000,000. In the few years before the outbreak of war the capital of the principal firms

had been largely increased on account of the increase in Government work. In the year 1913 over £12,000,000 of naval construction work was given by our Government to private contractors.

The matter of the increases of capital of the British armament firms in the few years before the outbreak of war is one deserving of special note. One of these firms in 1913 issued 802,500 £1 shares as a bonus to their ordinary shareholders, and two months later issued a million second preferences. In the same year another great British firm of armament manufacturers issued 740,000 new ordinary shares, and the following year they further increased their capital by £1,100,000. Other firms engaged in this business made similar additions to their capital in the year before the outbreak of war. The reason given in all these cases for the increase of capital was that the extension was needed to cope with the Government work in hand and Government work in prospect. The *Times Engineering Supplement*, in a review of the Sheffield trade for 1913, said: "Those Departments which manufacture munitions of war for the British and foreign Governments have never been better off. Excellent orders were received for armour, guns and projectiles; the plants were constantly engaged in their full capacity, and the work, or prospects of work at present in sight are sufficient to keep them occupied for five years to come." In mentioning these facts there is no suggestion that this intensive production of war material, and these preparations for dealing with still larger orders, were in any degree an intelligent anticipation of coming events. Of course, if this had happened in other

countries it would have been incontrovertible proof of urgent preparation for an immediate war.

It is only natural that business men, who have a vast amount of capital invested, should use all their efforts to secure orders which will profitably employ it. The spokesmen for these firms in the House of Commons have said that they had equipped their works on the understanding that the Government would keep them employed. Owing to the excessive prices charged by the Armour Plate Ring for materials supplied to the British Government, there was some talk in Parliament in March, 1914, about equipping a Government factory for the manufacture of armour plate. One right honourable member, who is a trustee for two of the principal armour plate companies, protested against this proposal. He said :

“I think if the First Lord of the Admiralty examines the obligations, if not of his own Department, certainly those of the War Office, with which his own Department must have intimate alliance, with regard to obtaining armour and armaments, he will find that some of these firms have been induced to lay down a gigantic plant at almost phenomenal expense by promises made by successive Governments, that for a long time to come, at least until the benefit of that great expenditure shall have been realized, there should be on the ground of plain equity, if not on the obvious strategical ground of national safety, a large and substantial proportion of Government orders given to those firms who had so incurred this obligation and risk.”

The pressure which these armament firms are able

to bring to bear on the Government through members of Parliament and through ex-members of the public service in the employment of these firms has largely determined Government naval and military policy. Naval scares are raised by the intrigues and conspiracies of interested capitalists. As an instance, for two or three years before the scare of 1909 things had been bad with the makers of warships and materials. From 1906 the Navy Estimates had been going down. The profits of the armament firms reflected this reduction of expenditure on shipbuilding. In March, 1914, I exposed in the House of Commons the activities of an agent of an ordnance company who for three years had been working all the ropes to scare the British Government by stories of a great expansion of the Continental armament works, and of the secret acceleration of foreign shipbuilding. The leaders of both political parties were worked by this conspiracy, and the directors and shareholders of armament companies in Parliament put questions daily upon this subject. The outcome was that the country was seized with panic, and demanded that we should "have eight, and wouldn't wait." The tide turned, and from that time the profits of the armament firms began to rise.

The methods of the armament firms are not peculiar to Great Britain. The disclosures made in the German Reichstag in 1913 by Dr. Liebnecht, which was followed by the trial and imprisonment of officials of the German War Office, proved that similar conspiracies were going on there and in France to influence national expenditure on armaments in the interests of private firms. These disclosures showed

that the great Essen firm had obtained by bribes from the German War Office information bearing on contracts. The firm were charged with selling war munitions to foreign countries at cheaper rates than they sold to the German Government. They were accused of paying naval and military officers to stump the country, preaching war against England. The existence of a Ring was exposed which met and decided who should have the contracts, and firms standing out were paid bribes out of the enormous profits made on the accepted tenders. The other great German armament firm, the Deutsche Munitions und Waffen Fabrik, paid agents to communicate all information to the French Chauvinist Press which could be used in the French Press against Germany. It came out also that another German armament firm was owned in the main by French capitalists, and that the business of the Board of Directors was conducted in French.

Let us turn now again to the methods of the British armament firms. Reference has already been made to the practice of these firms of inducing men in the public service, who are in possession of Government information, and who have influence in official quarters, to enter their service. A mere list of the names of men who have left the service of the War Office and the Admiralty, or who have been in the Civil Service, to take important posts as directors and managers in these armament concerns would occupy a considerable space. The reason why these firms are so anxious to get the services of public officials is obvious, but it was very frankly stated some time back by a trade paper, *Arms and Explosives*, which said :

"Directors are naturally very keen to avail themselves of the services of permanent officials who have been associated with the work in which the directors are interested. The chief thing is that they know the ropes, since the retired officer who keeps in touch with his old comrades is able to lessen some of the inconveniences, either by gaining earlier information of coming events or by securing the ear of one who would not afford a like favour to a civilian. . . . Kissing undoubtedly goes by favour, and some of the things that happened might be charged as corruption. Still, judged by all fair tests, the result is good."

The operations of the British armament firms before the outbreak of the war were by no means confined to work for the British Government. Their interests and activities were not restricted by national boundaries nor by national patriotism. One great British armament firm controlled the Nicolaieff shipyards in Russia, and had an ordnance factory at Tsaritsyn. It had an interest in the Baltic shipyards, where the controlling power was another British firm. Two of the largest British firms were associated in the construction of an arsenal and shipyard on the Golden Horn for the creation of a Turkish fleet. One British firm had an arsenal at Terni, in Italy, and were associated with the Italian firm of Orlando, of Genoa, as builders of the Italian navy. The three largest British firms were associated in the ship-building works at Ferrol, in Spain, where they were building the Spanish navy.

Before the war there were very intimate relations

between armament firms in France, Germany, Great Britain, Austria and Italy. The French firm of Schneider were the controlling power of the Putiloff works, St. Petersburg, which was associated in ship-building with the German firm of Blohn and Wors, of Hamburg. This great French firm was also associated with Krupps in the Reval shipyard in Russia. Schneider and Krupps were associated in the late Union des Mines of Morocco. The Turkish fleet was partly equipped from the French works of Creusot.

In addition to the association with Messrs. Schneider, already mentioned, Krupps had a controlling power in the Nikolpol-Mariupol armour plate works in Russia; and the German Schi-Schau shipyard controlled the Riga Zeies works; and the Rund for the sale of powder was a branch of the German Carbonite and Gesellschaft. The German Dillinger Avron Plate Works were largely French.

The above facts indicate in the barest outline the internationalism of the armament interests. It is not only that the firms had international relations in directorates, joint works agreements for the working of patents and the like, but the shareholders' registers disclosed the information that Germans held shares in French and British concerns, Frenchmen in German and British firms, and British people in the foreign firms. The most complete instance of internationalism in armament manufacturing was the famous Harvey United Steel Trust. The ostensible object of this steel combine was to work certain armour plate patents. The chairman, the managing director, and other directors of this trust were directors of British armament firms. The French firm of

Schneider were shareholders, and there were four French directors. Germany was well represented also. Krupps were shareholders, and they had two members on the board, and the German firm of Dillinger had one director. Italy was represented by the Turni Steel Company.

The foregoing facts serve to give some idea of the enormous influence which the international armament trade can exercise upon naval and military policy. The international armament firms work in close alliance with capitalists who are seeking foreign concessions, and the two together have largely dominated the foreign policy of every European country. If we are to have a reduction in international expenditure upon war preparations it is imperative to remove this sinister financial interest. Politicians, concessionaires, and financiers (who largely control the Press), the vast number of shareholders in armament companies, workmen employed in these concerns, all have a selfish interest in the manufacture of war munitions. This financial interest will have to be destroyed if the nations are to escape from the burden and menace of an armed peace which will be as burdensome almost as a state of war, and which will inevitably lead to another great conflict.

There is only one way in which financial interest in Imperialism and war can be wholly removed, and that is by complete international disarmament. But the evil may be minimized to some extent by taking the manufacture of war materials out of the hands of private capitalists. There should be no great and powerful capitalist concerns who are interested in war and preparations for war. If it should unfortun-

ately be necessary for some time to come to maintain armies and navies, to build battleships and to make guns, this trade must be done by the Government, not for profit, but from necessity. No wrong will be done to private firms by taking such work away from them. Their plants and machinery can be easily adapted for the requirements of ordinary commerce. Though the abolition of the private trade in war will do something to lessen the likelihood of wars, it will not altogether remove the private and personal interest in war. Without taking over all productive work the Government could not entirely abolish private profit out of war materials. The experience of war time abundantly proved the truth of this statement. There is a vast amount of indirect interest in war. Many coal mines are employed in supplying the Admiralty. Horses are bred for the army. Leather is tanned for army purposes. Barracks are built for soldiers. A thousand different trades profit from expenditure upon the army and navy, always at the expense of every other industry, and at the expense of the people as a whole.

It is contended that the maintenance of an army and navy is necessary for the protection of trade and commerce, that it is of the nature of an insurance premium for security. The fallacy of such a contention as this is obvious on even a slight examination of facts. The foreign trade of a country is not in proportion either to its military and naval expenditure or to the extent of its empire. Before the war our trade with Germany was larger than that with any other country. In the year before the war the foreign trade of the United Kingdom per head of

its population was considerably less than that of either Belgium or Switzerland. Belgium was neither a military nor a naval Power. It lived under the protection of other Powers, and therefore was able to devote its energies and resources to its industrial progress. Switzerland is a country without a single battleship or a yard of empire. The case of Holland, which has now an attenuated colonial empire, is even more striking. In 1909 its foreign trade amounted to £76.6 per head of its population, while the foreign trade of Great Britain in that year amounted to less than one-third this sum per head.

The fallacy that the political control of a foreign country is an aid to the trade of the ruling Power has influenced the nature of the Peace Treaties following the conclusion of the Great War. The provisions of these Treaties have been framed with the object of preventing the trade revival of the defeated countries. They have carried out the objects of the war as stated by two eminent British statesmen, namely, to prevent Germany from ever again becoming a serious trade rival. That expectation is as futile as the method adopted to realize it is fallacious. It is not denied that political and military power can be used to inflict serious injury upon other nations. But it is a wise dispensation of Providence that such a policy has a boomerang effect, and sooner or later those who struck the blow suffer from its rebound. If by the concerted action of a certain group of Powers other nations are deprived of access to raw materials, such nations will undoubtedly suffer. But those who inflict the crime will not escape the punishment of their wrongdoing. What is taken

by the sword must be held by the sword, and that involves the maintenance of armed forces which will drain the life-blood of the nations.

Great Britain has vastly added to its imperial responsibilities from the spoils of the war into which "it entered for no selfish aim, but to vindicate the sanctity of treaties, and for the protection of the weak." Already our commitments in Mesopotamia have involved us in an expenditure of £100,000,000 and has created international difficulties, the end of which no man can yet see. The monopoly of the oil resources of that region has already brought protests from the United States; and as oil becomes still more an essential commodity for commerce the resentment among all the nations against one or two Powers monopolizing the supply will grow fiercer. Unless this policy of monopolizing prime necessities is abandoned it is bound to lead to further wars. The parceling out of the world among one or two nations, the monopolizing by them of the exploitation of these regions, is a policy which is bound to keep alive international hate and resentment, and to make peace between nations impossible.

We already see in preparation a world conflict arising from the causes which have been described, before the contemplation of which one reels with horror. The policy of the United States, of Canada and of Australia in regard to Japan, unless it be abandoned or changed, is sooner or later bound to precipitate a conflict between the white and yellow races. The capitalism of Europe and America, if it is to survive, must find room for expansion, and new fields for exploitation. The vast population of China,

and the enormous undeveloped mineral resources of that great country is a field on which Western and American capitalism has long set its covetous eyes. The development of capitalism in Japan has driven that country into the arena of world politics, and into a policy of Imperialism. Denied the opportunity of an outlet for that part of her population which is surplus under capitalism in Australia, America and Canada, and even in the islands of the Pacific adjacent to her, she is pursuing a policy of extending her Empire and asserting imperial domination over the countries of Eastern Asia. If this competition of white and yellow Imperialism is continued a conflict of arms is sooner or later inevitable.

The future relations of the white and coloured races is the greatest problem before the world; and European and American statesmen appear to have no idea of dealing with it beyond preparing for armed resistance to the demands of the black and yellow races for a fair share in the inheritance of the world. The white races have now wholly appropriated the territory and political government of the continents of Europe, North and South America and Australia, and ninety-seven per cent. of Africa, and a vast part of Asia. The British Empire, on account of its wide territorial possessions, would have to bear the brunt of the struggle between white and coloured Imperialism should such a conflict come through the madness of statesmanship in not taking steps to avert it.

It is by no means certain, however, that in such a conflict the division would be clearly between the white and coloured races, for imperial interests strike across racial divisions at many points. If the nations

of Europe continued to be divided through the injustice imposed by the Allied Powers upon Germany and Russia, it is by no means improbable that in such a struggle we might find half of Europe taking the side of the Asiatic and native African peoples. Russia is already a semi-Asiatic Power, and it is quite conceivable that an imperialist Russia might perceive its interests in supporting the Asiatic races in the struggle against Anglo-Saxon domination.

In view of the certainty of such a terrible conflict as this arising between the West and the East, if the present imperialist policy of nations be pursued, and if Great Britain and France, particularly Great Britain, continue to monopolize the vast proportion of the earth's surface, and to confine great populations within restricted boundaries and to deprive them of free access to necessary supplies of raw materials, it is a matter of life or death for all the nations of the earth at once to abandon the present vicious policy, and to substitute for it one which will regard the world as an economic unit, and which will throw open to every race and nation access to its resources. There is no moral justification for a policy by which one or two nations assert and maintain domination over wide continents and vast alien populations. The injustice of such a policy as this has been strikingly stated by Professor Nagai, a professor in the Japanese University of Waseda. He says :—

“To seize the greater part of the earth and refuse to share it with the races who are hardly pressed for territorial space at home, even when the privilege is highly paid for by hard labour, is so manifestly unjust

that it cannot continue. . . . In Australia, South Africa, Canada and the United States there are vast tracts of unoccupied territory awaiting settlement, and although the citizens of the ruling Powers refuse to take up the land, no yellow people are permitted to enter. In Canada alone the unoccupied territory is said to be sufficient to supply half the world with wheat."

What then is the alternative policy to that which has brought the world to its present condition, and which threatens, after the great Powers have had time to partially recover from the destructive effects of the Great War, to involve them and the whole world in a still more terrible struggle? In a sentence the solution is to act in spirit and in deed on the high principles so often declared during the Great War, and embodied in the notorious Fourteen Points, and expressed in the ideal conception of a League of Nations. The policy of greed and grab will have to be abandoned. The right of every nation and of every people to expand and develop, their right to share in common with all nations in the material resources of the world will have to be admitted. Territorial domination of a native people by an alien Power will have to be ultimately renounced. The right of self-determination of peoples in matters affecting their internal affairs will have to be recognized. There are inexorable limits to the right of self-determination. The right, for instance, of the United States, Canada, Australia and South Africa to adopt the dog in the manger policy of excluding certain races from a share of the territorial space they cannot

themselves use or develop is one that cannot be maintained on moral grounds, or in world interests, any more than China has the right to deprive the rest of the world of access to her material resources.

By no moral right may the ownership and control of the natural and material resources of a territory be regarded as the absolute monopoly of the people who happen to be settled there, much less the property of an alien Power which has acquired possession by conquest. The raw materials which are necessary for the commerce and sustenance of every nation are not equally distributed over the surface of the earth. Oil, iron, coal, cotton and tropical products are confined to certain parts of the world, and it is utterly indefensible to regard these resources as the monopoly of the people who, by accident of birth, happen to be located in these regions.

But to secure the distribution of world resources, so as to give every nation its proportionate supplies, does not need wars. It requires only an appreciation of the common benefit to be derived from mutual trade. It requires a renunciation by the powerful nations of their policy of seeking a selfish advantage at the expense of other nations. The policy of the "open door" to the honest traders of the whole world is one which will confer far greater advantages upon the population of a country than one of exclusiveness, which can only be of advantage to private commercialism and finance. The French colonial policy, for instance, of imposing tariffs to exclude the trade of other countries is one of exploitation of the native populations for the profit of French capitalists and financiers. The abominable action of

the British Government in imposing the palm kernel duty in West Africa is another instance of the use of political and territorial domination for the profit of British capitalists.

To establish an international policy of free trade, to throw open the resources of the world to every nation, to liberate the peoples from the cursed effects of Imperialism only requires that the professions of imperialists, and the commitments of Allied statesmen to their respective peoples, should be translated into an active policy. These statesmen promised a peace which would be just and lasting, which would remove the causes of future wars, which would make the world safe for democracy. They promised for the future an international policy which should pay regard to the interests of the people, and not to those of commercial and financial groups. They promised the removal, so far as possible, of all economic barriers, and the establishment of an equality of trade conditions among all the nations consenting to the peace, and associating themselves for its maintenance; a free, open-minded and absolutely impartial adjustment of all colonial claims, based upon the strict observance of the principle that in determining all such questions of sovereignty the interests of the population concerned must have equal weight with the equitable claims of the government. World peace was to be guaranteed by the association of all nations in a League which would represent the world interests of all nations, which are greater and more important than national interests. The association of all the nations of the world which have reached a stage of development which fits them for membership of such

a League on terms of equality would, *if the right spirit prevailed*, settle in a peaceful and equitable manner the questions which Imperialism has tried to settle by ruthless methods, with such disastrous results.

This ideal is not likely to be realized so long as the spirit which dictated the peace Treaties, and which betrayed the hopes of a war-sick world, is allowed to control the international policy of the dominant Powers. It is true, but in a different sense from that understood by those who wrote and spoke to this effect during the war, that two great ideas are now in world conflict, the one, expressed in the worst features of Imperialism, the economic exploitation of weaker nations by the stronger, and the other, the recognition of the world as the habitation of one human family, the duty of every group of individuals being to harmoniously co-operate for the greatest common good.

The first idea is still powerfully entrenched in the seats of the mighty. It has been strengthened by the breakdown of economic systems and stimulated by the egotism of newly established States. But the second and better tendency has likewise gained a great impetus among the democracies by the terrible experience of the war. The victory of the first would bring the end of civilization. The triumph of the second would establish the New World. But civilization is not going to be destroyed. The world is not going to come to an end in a welter of blood. The instinct of self-preservation will arouse the democracies to action, and when they overthrow the governments and selfish interests which have so long ex-

ploited the common people for their own advantage, the ideal of a world "lapt in universal law" will pass beyond the dream of the poet into the realm of fulfilment.

Two questions of immediate practical importance need to be considered in discussing the question of a change in international policy. First that of the future of the British Empire; and second, that of the treatment of races not yet sufficiently advanced to take their place as equals in a Commonwealth of nations. When an act reprehensible in itself has been committed, it is not always the best or most expedient course to renounce the obligations which have been acquired or to revert to the previous conditions. The British Empire is a fact which must be recognized, and its obligations must be accepted and fulfilled in such a way as will undo the mischief as far as possible, while avoiding consequences which might aggravate the situation.

The problem of the British Empire is divided into two parts, first, that of the self-governing Dominions inhabited by people of our own blood; and second, that of dependencies populated by different races. In the self-governing Dominions the problem of races does not exist at present to any extent, except in the case of South Africa, where this problem is yearly becoming more acute and serious. If we are looking to a federation of the world, then it would be a backward step to take any action which would break the ties which now bind the self-governing Dominions and Great Britain together. But the advantage to the world of the maintenance of the federation of the self-governing Dominions of the British Empire

depends upon the spirit which animates the federation, and upon its attitude to the rest of the world. If the Anglo-Saxon Empire be animated by the idea of Britain against the world, then nothing but evil can come from such a federation. But if, on the contrary, the policy of the self-governing States of the British Empire be one of friendliness and co-operation with the rest of the world, if the British Empire uses its powerful position in the world, not for domination but to help the weak, then it can be the greatest instrument for world progress which has ever been created. This is the only real destiny of the British people. It can be the only ultimate justification of our past imperialist and colonization policy. If pursued, this nobler policy may atone for the wrongs which have been done in the past.

The problem of the position of the non-Anglo-Saxon dependencies presents very serious difficulties. But if British control of these dependencies be conducted in the spirit of conferring benefits upon our subjects rather than of exploiting them for our own advantage, if our policy be directed to training these populations to become self-governing communities in all matters relating to their national affairs, then our government may be justified by the good that it has accomplished. So long as a spirit of Imperialism dominates the Great Powers the withdrawal of British government from dependencies like India and the Crown Colonies will not be likely to leave these territories in the possession of independent self-government, but to leave them a prey to the predatory designs of other Powers. The right policy to be adopted towards the dependencies of the British

Empire is to ensure the populations humane and just government, to secure for them the enjoyment of their own property, the freedom and liberty to develop their own culture, to freely confer upon them powers of self-government as rapidly as they are educated to use them, and, in short, to pursue unremittingly the policy of qualifying these dependencies to become full self-governing States.

The right of Great Britain to maintain its sovereignty over a territory and people unwilling to accept that sovereignty cannot be admitted, and if the people of, say India and Egypt, desire to assert their complete independence, we have no right to keep them under subjection by the power of the sword. We cannot justly deny to a people the right of self-determination because the political domination of that country is a matter of strategical military importance to the British Empire. If British government in these countries had been merciful, humane and helpful, it would have developed in these peoples an appreciation of the advantages of close international relations, and their desire for complete national self-government would not be inconsistent with an appreciation of the advantages of membership of a federation with the other free States constituting the British Empire.

The settlement of the problems left by the war provides the "acid test" of the future policy of the Allied Powers towards the black races of the undeveloped regions of Africa. The Allied statesmen had in Paris the opportunity of breaking away from the old policy of domination of inferior races and the exploitation of their territory for the profit of

European capitalists. They chose to continue the old policy, though as a concession to the new spirit they camouflaged their designs by an appearance of disinterestedness. It would have been too flagrant an exposure of the imperialist aims of the Allies to have openly annexed the African territories and incorporated them with the colonial Empires of Great Britain and France. But in view of what was openly done in the rearrangement of the national boundaries in Europe, such an outrage, and such a violation of war-time pledges, could hardly have added to the iniquity of their conduct.

Instead of openly annexing these tropical territories a system of "mandates" was devised, which, for all practical purposes, is identical with sheer annexation and conquest. Mandates giving to Allied Powers practically uncontrolled domination over a million and a half square miles of territory in Africa have been distributed between the Allied Powers "by way of compensation for their respective efforts during the war." This has been done without any regard to the wishes and interests of the inhabitants concerned, though the British Prime Minister had given a definite public pledge that this would be done before any mandate was conferred. The effect of this gross breach of faith on the simple-minded African natives, who had believed in the good faith of the Allied Governments, has been most disastrous.

Theoretically the mandatory Powers exercise the mandates as trustees for the League of Nations. Under Article 22 of the Covenant of the League authority over the mandate has been conferred upon

the Assembly of the League. At the meeting of the Assembly of the League held in the autumn of 1920 the representative of the British Government, on behalf of his Government, flatly refused to recognize the authority of the Assembly over the mandates. The Allied Powers, that is, Great Britain, France, Japan and Italy, have distributed amongst themselves the former possessions of our late enemies, and have settled among themselves, by a process of auction and bargaining, the fate of millions of the natives of Africa and Asia, apparently forgetful of the fact that one of the conditions of the Armistice was that people should not be handed about from potentate to potentate like so many cattle.

This violation of both the spirit and the letter of the Covenant does not give much promise that a new spirit will be introduced into the administration of conquered territories. It is the old spirit of Imperial conquest, cloaked by the pretence of disinterestedness. There is no prospect that the mandates will be exercised for the good of the people, and not, as heretofore, to earn dividends for white capital. There is no guarantee that that provision of the Covenant which demands equal opportunities for trade and commerce for all nations which are members of the League will be observed. The terms of the Covenant of the League, if carried out, would, when all the commercial nations of the world are members of a League, provide what is perhaps the best practical way of administering the territories inhabited by backward races. The Covenant provides that the mandatory right is not that of annexation but of tutelage, and that over these mandatory

territories no Power has sovereign rights, but must act as the trustee of the League of Nations, to which it is responsible for its administration.

The duties of the mandatory Powers are not merely the development of economic resources in which all members of the League will share, but mainly consideration for the well-being of the inhabitants. The mandatory Powers are responsible for the physical welfare of the people and for their personal liberty. No slavery is to be permitted. No fortifications or military bases may be established or maintained in the mandatory territories. Traffic in arms is suppressed, and the dominant aim in the administration of the mandates must be a gradual and progressive education and training of the inhabitants with a view to self-government.

These aims are admirable, but the intention to carry them out in this spirit is at present obviously lacking. Forced labour has been imposed upon the inhabitants, though nominally only for public works. The policy of forced labour for public works is animated by the desire to keep down the general rate of wages. The Government could, without difficulty, secure abundant labour if it were prepared to pay higher wages. But if this were done the white capitalists would have to compete for labour by paying higher wages. There are two million natives of British East Africa who are liable to industrial conscription. They must prove that they have worked for a certain period for white men, and if unable to prove this they must be conscripted for eighty-four days a year. This forced labour is defended on the ground that it is good for the natives

that they should work, and their natural disposition to idleness must be eradicated. Perhaps the most conclusive retort ever given to this white argument about the dignity and necessity of labour was administered by a native, who was informed by a newly arrived missionary that he had come to teach him to work for his good. "And why should I work?" said the native. "To get rich," replied the missionary. "And why should I want to get rich?" said the native. "So that you won't need to work," replied the missionary. "And why," retorted the native, "should I take all that trouble to get round to where I am now?"

The Covenant of the League of Nations, though prohibiting the erection of fortifications and military bases in the mandatory territories, does not deal explicitly with the terrible evil of the employment of black troops in the armies of the Great Powers. No more abominable act was committed by any of the belligerents in the late war than the use of barbarous and semi-barbarous soldiers in the Allied armies on European battlefields. To conquer a simple-minded and uncivilized people, and then to conscribe them to fight the imperialist battles of the conqueror, is an outrage which no words can adequately condemn. The consequences of the use of black populations in the wars of white peoples is creating a Nemesis which may some day overwhelm those who are responsible for this crime. If the League of Nations possesses any effective authority it ought to impose an absolute prohibition upon the use of black troops in warfare everywhere.

The provisions of the Covenant of the League

of Nations for the administration of mandatory territories are, as I have said, admirable, and for the time being would be sufficing if administered in the spirit and the letter. They would secure over a vast area of the tropical and sub-tropical regions an administration directed to the advancement of the welfare of the inhabitants. They would secure for the natives the retention of their land, and the right to dispose of their produce at remunerative prices in the open market. They would destroy the monopoly of one or two Powers over the supplies of essential commodities. They would ensure that these territories were free from the domain of the capitalist exploiter and financier.

The administration of the provisions of the Covenant in this spirit will not be attained until the domination of the League by two or three great imperialist Powers is abolished. The one hopeful thing about the first meeting of the Assembly of the League of Nations was the admirable spirit shown by the smaller nations. An all inclusive League of Nations, in which the domination of two or three Powers did not exist, would give the promise of an administration of the mandatory powers in the interests of the whole world. Certainly so when the Assembly of the League is constituted, not of representatives of Governments, but representatives of democratic Parliaments.

The object of the League of Nations is declared in the Covenant to be "the establishment of universal peace, and such a peace can only be established if based upon social justice." This declaration goes on to confess that conditions of labour exist involving

such injustice, hardship and privation to large numbers of people as to produce unrest so grave that the peace and harmony of the world are imperilled. An improvement of those conditions is declared to be urgently necessary. The failure of any nation to adopt humane conditions of labour is admitted to be an obstacle in the way of other nations which desire to improve the conditions in their own country. The High Contracting Parties, "moved by sentiments of justice and humanity, as well as by the desire to secure the permanent peace of the world," agree to the establishment of a permanent organization for the promotion of a higher standard of labour conditions in every country, and to make these conditions as uniform as possible, while recognizing that differences of climate, habits and customs, of economic opportunity and industrial conditions make strict uniformity in the conditions of labour difficult of immediate attainment.

Signatories to the Covenant of the League commit themselves to a programme of Labour reforms and to establish the International Labour Organization, which has authority to draw up and to enforce in all States its programme of international Labour legislation. This Organization convenes an International Conference of States belonging to the Organization at least once a year, and there formulates a programme which is submitted to each State represented. Each State is bound within one year to submit the draft conventions voted by this Conference to the national authorities competent to ratify treaties. The State Parliaments are not bound to accept these conventions, but if Governments refuse to submit them

for ratification those States run the risk of having applied against them the economic penalties provided for in the Covenant of the League of Nations.

The International Labour Organization has already encountered considerable difficulties with the Governments within the League of Nations in carrying out its programme. There is a reluctance on the part of the Governments to ratify by legislation the decisions of the International Labour Congress. This is what might be expected, considering the character of the Governments. The International Labour Organization will never function effectively, any more than the League of Nations itself will do, until the Governments of the respective States are democratically constituted and controlled. When that desirable state of things is reached the International Labour Organization will play a most important and useful part in international affairs. If it can succeed in securing an approximation to uniform Labour conditions throughout the world the power of cosmopolitan capitalism to exploit the workers would have been considerably modified. The Assembly of the League of Nations must continue to press its right to control the administration of the mandates, especially in regard to labour conditions.

The League of Nations is a great conception. Like all great ideas which run counter to existing policies, it cannot be realized all at once. The beginning has been disappointing, and has led many who enthusiastically supported the idea to despair of its realization. But we cannot give way to pessimism in such a vital and essential matter as this.

“While one wrong cries for redress and finds  
A soul to answer, still the world is young.”

The League of Nations functioning in the right spirit is the only human instrument by which nations can be saved in the future from a repetition of the horrors and sufferings they have endured in the past.

The League of Nations as at present constituted is an organization, not for the promotion of peace and friendly international relations, but for the maintenance by force of the unjust and oppressive so-called Treaties of Peace. It is not a League of Nations, but an association of victorious Powers. It has no democratic character. It is dominated by two or three Powers who carry on their intrigues by the old methods of secret diplomacy which it was the declared purpose of the Covenant of the League to abolish. The League of Nations can never be effective until it becomes a League of Peoples acting through democratic Parliaments, and until diplomacy is open to the light of day, and is subject to the criticism and control of the representatives of the people. The spirit which animates an organization is much more important than the machinery of the organization. The ineffectiveness of the League of Nations at present is due to the lack of the international spirit in those who control the League. The League of Nations will develop into an effective instrument for securing international peace and disarmament, and into an International Parliament for regulating international affairs only as there grows up in every country a strong and well-informed public opinion convinced of the necessity and usefulness of

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such a League. A League of Nations will always partake of the character of the national Governments united in such a League; and the best work, therefore, that can be done for the League of Nations is to help to form the right opinion among the democracies of every country.

The greatest practical step that can be taken to infusing the right spirit into a League of Nations would be universal disarmament. "The means to do ill deeds makes ill deeds done," and so long as nations have the means at their disposal to enforce their vicious policies they will be less inclined to accept other methods and policies. The decision of an international dispute by the force of armaments gives a victory to might and not necessarily to right. Such a decision can never settle any dispute permanently; but as the after experience of all wars proves, it leaves the defeated nations still nursing their real or imagined grievances and preparing for another opportunity to achieve their aim. The reference of national grievances and claims to an International Tribunal may not satisfy the nation against which the verdict is given, any more than a defeated litigant is satisfied with a legal decision; but it would show the nation that the consensus of international opinion was ranged against it. The decision of such an International Court, if not freely accepted, would be enforced by the exclusion of the recalcitrant nation from international relations, a penalty which no nation would be likely to risk.

The foreign policy of every nation should be directed to removing the grounds of fear and suspicion among other nations, to establishing confid-

ence in other nations, great and small, that no nation has hostile or aggressive intentions towards another. It should be directed, to use the words of Mr. Asquith, "Perhaps by a slow and gradual process to the substitution for force for the clash of competing ambitions, for groupings and alliances and a precarious equipoise of a real international partnership based on the recognition of equal right, and established and enforced by a common will." Such a new policy implies a condemnation of the policy and methods of the past. The Great War was the failure of diplomacy, the failure of the armed peace to preserve peace, of the policy of attempting to subjugate the people of a different race by military conquest, and a policy of attempting to preserve peace by groups and alliances aimed at maintaining the Balance of Power.

All these things have failed. They will fail again and always, and a new policy and new methods must be substituted. Before we can hope for permanent peace in Europe, before we can expect the League of Nations to become effective, the Peace Treaties which are based upon all the above-mentioned fallacies and failures will have to be drastically revised. It is admittedly no easy problem to rearrange the map of the world so as to set free races and nationalities which have been unwillingly held in subjection; but the Peace Treaties have not even attempted to do this, but have increased such injustices existing before the war. By the provisions of these Treaties some twenty millions of people in Europe have been transferred to Governments of an alien race. The economic unity of States has been destroyed, and all the causes of war which existed before 1914 still remain operative,

and their number has been greatly increased. The right of self-determination within the limits imposed by membership of a League of Nations must be freely conceded to every nation, and all those provinces which have been forcibly transferred in the past must be given the opportunity to make a free choice as to their future.

The Great War should have for all time wholly discredited a foreign policy which aimed at maintaining the Balance of Power. The Balance of Power has been aptly described by Mr. Asquith as a "precarious equipoise." How precarious and unstable any alliance or understanding aimed at maintaining the Balance of Power must always be the Great War very clearly proved. During the last hundred years British foreign policy has aimed at maintaining the Balance of Power, and this has necessitated frequent rearrangements of the side on which the weight of British influence should be cast. One of the uses to which this policy has been put, and which inevitably arises from such a policy, has been to arouse popular animosity against a particular country whose aim at the moment another Power desires to thwart. The settlement of the differences between two nations, usually behind the back of other nations equally interested in the settlement, creates new international difficulties and necessitates a new distribution of power through alliances or understandings, in the supposed interests of the policy of the Balance of Power.

Within sixty years before the outbreak of the Great War all the Great Powers who were allied in that war had fought each other. There is no assur-

ance whatever that the alliance now existing between some of these Powers will be long maintained. There are already evidences of a new grouping of Powers determined by Imperialist interests. The policy of the Balance of Power is essentially provocative. It compels nations to increase their naval and military forces against a Power which may, by a change of circumstances, become an ally next year. Experience has proved that this policy does not maintain the peace. On the contrary, by being based upon the idea of conflicting interests it compels the maintenance of vast military forces, and compels nations, when not actually at war, to endure an armed peace hardly less disastrous and expensive.

The policy of the Balance of Power has only been possible because of the undemocratic character of diplomacy. In the earlier days of the nineteenth century there was harmony between the conduct of domestic and foreign affairs. Then both home and foreign affairs were managed entirely by the aristocratic classes. The great struggles of the nineteenth century were for the democratic control of home affairs. With all its failings and disappointments democracy in home affairs has proved itself superior to the political oligarchy which formerly governed the country.

But while the control of home affairs has been in a considerable measure democratized, the conduct of foreign policy and the personnel of our diplomatic service have remained unchanged, and are still the close preserve of the landed and privileged classes. While in home affairs the rights and wrongs of the masses of the people have become the main subject of

political contention and of legislative efforts, the importance to the masses of foreign affairs has never been recognized; and such matters have been conducted, not in their interests, but in the interests of the same classes whose evil control of home affairs gave rise to the great popular demands for the democratic control of domestic politics.

The inter-relation of home and foreign affairs needs no emphasis with the object lesson of the Great War before our eyes. It has been made clear that the people cannot control home affairs if they leave foreign policy to be directed by an oligarchy. The control of foreign policy by an oligarchy will nullify all that democracy may do in home affairs.

The Diplomatic Service must be democratized. Just as it is possible by our system of open competition for the Home Civil Service, and with the help of our public scholarships, for the son of a poor man to obtain an important position in the public service, so it must be made possible for ability in every class to enter the Foreign Office and the Diplomatic Service, and to bring the democratic outlook and sympathy into the conduct of international affairs. The democratization of the Foreign Office and Diplomatic Service would give the democracy the opportunity to change the character of foreign policy, to change it from being a policy conducted by aristocrats in the interests of the aristocracy and plutocracy into a policy for promoting the common interests of the democracies of all the nations of the world.

The air of mystery which has hitherto surrounded the conduct of foreign affairs must be dispelled. The people have to bear the consequences of a diplomacy

which leads to war. It is a monstrous thing that a few European diplomatists, utterly out of touch with democracy, should have the power to involve practically all the nations of Europe in a devastating war. Under the system of oligarchic control of the Foreign Office the nations are committed to tremendous responsibilities without their knowledge; and when diplomacy has brought the nations to the verge of war the people are induced to support a war they have never wanted, and which they have not expected, by appeals to their party loyalty, to their national patriotism, and to their sense of fear.

Democratic government is a mockery so long as the democracies have no control over such matters as treaty obligations with foreign countries, and so long as Parliament is not trusted with the final decisions on such matters, and so long as Parliament has in reality no control over questions of peace and war. In demanding the abolition of secret diplomacy we do not mean that all communications between the nations should be openly conducted, or that at every stage of the negotiations the views of Parliament should be invited. That is obviously impossible; but we mean that there shall be established some form of Parliamentary control over foreign policy; that its general line should be directed by Parliament, and that no Minister or Cabinet clique should have the power to commit the word or the honour of this country to any policy which has not been approved by Parliament; and that the country shall know clearly how it stands in its relations to other nations, and what its obligations are.

One oft repeated objection to publicity in foreign

affairs requires a word of comment. It is said that publicity is impossible unless all nations in diplomatic association simultaneously adopt the system, and that if one country alone did so, it would be placed at a disadvantage in diplomacy. But the force of this criticism has been weakened by the Covenant of the League of Nations, which requires that secret alliances shall not exist, and that the League of Nations shall be informed of the nature of all Treaties made between nations. "Open covenants openly arrived at" was the first of President Wilson's notorious Fourteen Points, and with the lip assent given to open diplomacy by the statesmen of all the Great Powers, academic objections to the system have been swept aside. Under a system of open diplomacy, and under a system where it was established that no international treaty or understanding which had been made in secret would be honoured by the Parliaments, the protracted secret intrigues between the Foreign Offices of the Great Powers of Europe which had been going on for twenty years before the outbreak of war never would have taken place. I do not maintain that diplomatists have deliberately worked to provoke war, but their policy has been such that war was the inevitable result of it. The democracies of every country hate war, and if they were aware of things taking place which were likely to lead to war, it is certain that they would take steps to settle the disagreements by peaceful methods.

Such a reform of the Foreign Office and the Diplomatic Service and of Parliamentary control over foreign policy, if carried out in every country, would give the League of Nations a different character. It

would then become a representative body, and not merely an organization of undemocratic Foreign Offices. As the Parliaments of the different countries became more democratic in their representative character, international affairs would become infused with the democratic spirit. We should then get a League of Nations which would represent, not the interests of capital and finance, but the real interests of the common people of all lands.

Such a democratic League of Nations would have great responsibilities and vast obligations. It would, as has already been pointed out, be responsible for securing approximate uniformity of Labour conditions throughout the world. As the common ownership and control of industry proceeded, it would become a great International Trading Corporation, an International Court of Arbitration, an International Judiciary, and an International Parliament. It is probable that its various functions would be exercised through subsidiary departments and organizations on lines somewhat similar to those which have been described for dealing with political and industrial State organization in this country under Collectivism. Such a League of Nations would have its International Economic Council upon whom would devolve the duty of rationing those supplies of raw material which particular nations could not produce, but of which they stood in need.

This is a great conception; but it is the international organization to which the world is slowly and painfully moving. The realization of this ideal is the only hope of humanity. Its realization depends upon the will and effort of the common peoples of the

world. It is the extension into the sphere of Internationalism of the principle of democratic government which, whatever its weaknesses may be, is the only form of government possible with the advance of education and modern economic and social developments. It is for those who despise this vision to contemplate the appalling alternative. If the old national jealousies are to continue, if human beings, because of the accident of birth in a particular part of the world, are to live in enmity and competition, another and greater world war will be inevitable in the future; and such a war, waged with all the diabolical instruments which science and skill will devise, will end in throwing back humanity into the age of savagery.

But this will not be the fate of civilization. Humanity has not painfully toiled upward and onward through all the ages for such a final goal as that. Not only the imperative necessity of preventing such a catastrophe, but the hope of the peace, plenty and prosperity for all, which international co-operation will give, will continue to inspire the best men and women of all countries with the determination to hasten the coming of the New World, from which the material and spiritual poverty of the present and all the suffering it involves will be banished.

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page 115<sup>1/2</sup> Food imports  
may be 850,000

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